A USEFUL LOOK AHEAD FROM WASHINGTON JANUARY 1969

Nation's Business

Profits point higher

If we want real tax reform . . .

Executives of the future

Nixon and the New Washington

PAGE 32

The Evinrude Triumph is unfair

Triumph's aimed intake passages "loop" the fuel charge up and away from the exhaust ports. Deflectors and all their problems are eliminated. Note the flat-top automotive-type pistons, the fuel passages molded into the cast iron cylinder sleeves, the fuel delivery "window" in the piston skirt, and the efficiently shaped hemispherical combustion chamber.

It has a built-in $5,000,000 advantage.

The advantage is "loop charging"-a new, dramatically more efficient way of fueling a modern outboard engine.

Loop charging delivers an *aimed* fuel charge *directly* to the top of the combustion dome. It eliminates need for the deflector "hump" on the piston and the deflector-shaped "bulge" in the combustion chamber.

With the deflector gone, pistons are lighter, compression can be higher, and the combustion chamber can be shaped the way it ought to be shaped.

The loop principle isn't new. But because of the problems of building precision fuel passages into the spaces between cylinders — it has never before been possible to build a true loop system into a modern water-cooled multi-cylinder aluminum outboard engine.

A year ago, Evinrude engineering broke through the design barrier.

The method was ingenious (see diagram), and the results were spectacular. One result of our $5,000,000 research and tooling investment was an immediate saving of as much as a gallon of fuel an hour in the top speed range (where fuel savings really count).

Fuel economy is exceptional. But so is performance. The Triumph "55" actually equals our workhorse "65" in pulling power, and surpasses it in speed and quiet and push-button elegance. The Evinrude "55" *eliminated* the Evinrude "65".

We hadn't planned on being quite that unfair.

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Div. of Outboard Marine Corporation

first in outboards

Nation's Business

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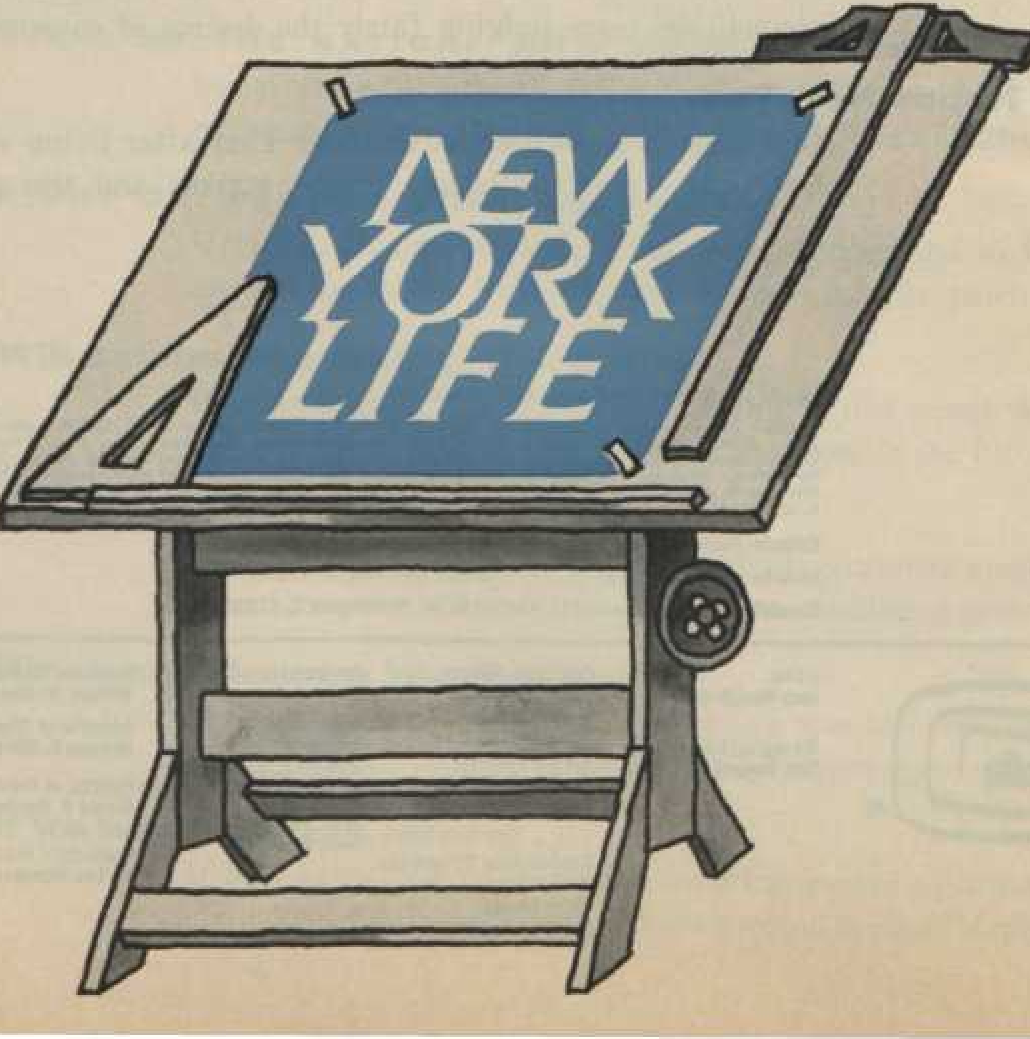


washington trends

BY TAIT TRUSSELL

HOW WILL OUR NEEDS BE MET?

This is the crucial hour in Washington when vision is at a premium.

It's the time for setting priorities and for making decisions. Nearly everyone senses the need for new directions and fresh approaches. Everyone knows that the judgments now made in Washington will send ripples throughout our society that will touch the private worlds of all of us.

But what is to be created and what preserved? What new laws will be written and what changes wrought? And what part will business play?

In the way of new laws, the Nixon Administration must decide whether to extend pollution controls, revamp manpower training, revise the draft, push through a system of tax credits, adjust social security benefits to account for rising costs of living, enact labor reform to deal with public employee strikes and adopt a new anti-crime program. All of this the Administration and the new Congress might well do.

But these issues are dwarfed by momentous underlying questions now confronting a capital in transition. The underlying issues actually gave root to the problems which measures such as these would attack.

At the base of so much of our national unrest is the fact that something has gone awry in the relations between Americans and their institutions and traditions.

Obviously, many poor and black are alienated from the so-called white establishment. The generation gap separates the young from their elders. Many are unhappy with their schools and their churches. And everybody seems dissatisfied with an overblown federal government.

As Massachusetts Institute of Technology President Howard Johnson has noted: "We know that these are times when the most basic problems of our living arrangements can be solved only by the application of large technical systems, while . . . we feel a deep yearning for individual participation and expressions and for the small-scale, person-sized contribution."

An inability to understand and influence complex government and other institutions certainly creates feelings of powerlessness and futility.

This is the underlying condition that now confronts the new Administration. Most apparent are the shouts of protest from the militant blacks, the urban poor and the radical students. But a new quieter chorus is rising from the "haves" as well as the "have-nots." The "haves" also want more to say about how they live and work, how their children are taught and their city transit is run and whether the federal government should wipe out slums, balance our international payments and send astronauts to conquer the universe—all of which they now know will affect their own take-home pay.

It's not so much that America wants to return to a simpler day. Few citizens would trade indoor plumbing, instant mashed potatoes, 300-horsepower engines and our present permanent pressed, transistorized economy for an uncomplicated but inconvenient past. Not to mention today's life-saving wonder drugs and medical techniques and enlarged job opportunities.

Many people, especially the young, take our material marvels for granted. What bugs them is, as someone said: "While our means seem endless, our ends seem meaningless."

So the new Administration and Congress face the challenge of making citizens feel they have not only a stake but a voice in where America is going. This challenge includes the need for renewing confidence in our institutions as well as setting new goals.

Complexity and centralization in government and the economy surely are nothing new. They are the offspring of an industrial society and a political philosophy that tried to deal with it.

The social welfare and regulatory laws of the New Deal, Fair Deal, New Frontier and Great Society created as many problems as they hoped to solve. Complex bureaucratic apparatuses, while attempting to provide security, brought re-

Tait Trussell is managing editor of Nation's Business.

moteness, rules and expensive red tape. Permissive and easygoing courts compounded the troubles.

America's current tribulations also were shaped by war and depression. After the depressed '30's and the warring '40's, the nation's energy, resources and priorities were concentrated on two main objectives: Preventing another depression and another world war.

In the 1960's we have grown to think of deep economic recession as unthinkable. We have reached an age of abundance with both rising incomes and rising expectations. But as the economy has boomed, industry and technology have changed our environment and have displaced people and businesses.

Our long concentration on peace and prosperity, kept us from seeing the domestic turmoil that was slowly boiling up. An even more mobile America was losing its sense of community and its ties with family and tradition, and the alienated were concentrating in our cities.

Conditions were ripe for division, extremism and disruption among the unprincipled and undisciplined.

Many who stop short of rioting are absorbed with the need for equal rights and purity of environment. Some want us to sever our global connections and international responsibilities.

Many more yearn for recognition in our highly organized society. They want to be individuals, as evidenced by the fashion revolution and the new reliance on personal preference or conscience rather than obedience to draft laws, civil ordinance, church dictum or moral code.

Mr. Nixon speaks of a White House open to all ideas and opinions. But, as responsible citizens know, we can't let down our national security guard, let our economy go to pot or let anarchists run the country or run down the private enterprise system.

Shell Oil Co. President Richard McCurdy declared recently: There's nothing wrong with a reexamination of values and reordering of priorities but we shouldn't degrade the "productive apparatus that is the only means whereby billions can survive. . . ."

Some intellectuals, from Norman Mailer to John Kenneth Galbraith, decry our emphasis on technical and material advances and bemoan the fact that the benefits are not spread like butter over the whole of society. They imply we should have less technology and more public spending.

But as Mr. Nixon's science adviser, California Institute of Technology President Lee DuBridge, pointed out recently, "It is the advance of our technological-industrial-economic system that will spread benefits more widely to more people. . . ."

The Nixon Administration undoubtedly will have to create new concepts and new arrangements to deal with the nation's root problems and yearnings.

"The irresistible movement in America," says James Gavin, chairman of Arthur D. Little, Inc., "is toward greater decentralization and participation . . . basically a sound response to the enormous complexity of our society and to the increasing tendency for decisions, both public and private, to be imposed from the top of a pyramid."

washington trends

If participation and decentralization are the keys to unlocking the country's problems, there is no need to tear down existing organizations and institutions.

The whole dual concept has been applied with dramatic success by modern U. S. business corporations for years. Just at a time when American business and industry is dedicating itself at a quickening pace to the thorniest social matters of the day—training hard-core unemployed, staking black capitalism, recruiting the hairy-faced collegians—it appears the business organization is the exemplary system that could bring the nation what it longs for.

Not that the United States can be run exactly like a giant corporation. But business does successfully practice decentralization by placing decision-making at its lowest effective level. It delegates to those out where the action is. By participation business finds out what the customer wants and meets his needs. It's much different from centralized decision-making in all-knowing Washington.

Business has moved toward committee consultation, if not committee decision-making. It relies on teamwork, scientific advances and the creative individual. And it does it all with fiscal solvency.

The businesslike approach just might offer the best hope not only for solving social and technological problems but for demonstrating how Americans can live and work together to best fulfill themselves.

WHO'S TO BLAME FOR CROWDED SKIES?

• Congratulations to you on your very fine, hard-hitting article "Is This Any Way to Run the Airlines?" [Nov.].

As one who has logged more than 230,000 miles in commercial air travel over the continental United States, over a period of the past ten years, I can agree wholeheartedly with the expression of opinions contained in your article. In fact, I have many times observed that, "If the Federal Aviation Agency took over the actual flying of the aircraft today, I would quit flying tomorrow."

A visit to almost any Air Route Traffic Center will reveal why the control of air traffic in this country is as fouled up as it is. Inadequate equipment, very old and very outdated, and of questionable quality, many times inoperative, is the sum and substance of the FAA's effort to control the airways. If I were an airline pilot I would resent having the responsibility of keeping a $5 million machine in the air, subject to controls that are old and supplied to the FAA at the lowest possible price, many times relinquishing quality and performance in the bargain. As a businessman, it has been my experience that it is very difficult to produce a product cheap enough for serious consideration by the FAA.

HERB C. GOLZ
President
Equipto Electronics Corp.
Aurora, Ill.

• Mr. Sypher does an excellent job of clouding the real issues at stake in our current problem of crowded air space. The logic of his article bears a striking resemblance to that of the airlines and their harassment of private and business aviation.

The FAA has become the whipping boy for all the ills of the aviation industry. Granted they have some internal problems, but in all fairness, the various departments of the FAA have and still do operate with far more efficiency than most other branches of our government.

Our crowded sky and endless delays over high density airports are a direct result of the airlines' refusal to make any concessions in their practice of overscheduling.

F. E. JENKINS
F. E. Jenkins & Co.
Akron, Ohio

Pays to publicize

• We are indeed very pleased with the response received from the Special Guideline Report on Industrial Development [Nov.] which appeared in your excellent publication.

We have received requests for information from all over the country; as far away as Metlakatla, Alaska, and as nearby as Boston, Mass.

Thank you for making this opportunity available to industrial development and the Council.

RICHARD PRESTON
Executive Vice President
American Industrial Development Council, Inc.
Boston, Mass.

• Congratulations on the excellent reception the industrial development section is apparently meeting.

Interest in our sort of endeavor hereabouts has been favorably stimulated by the selection. Accordingly, we are especially appreciative of your acceptance and display of our contribution.

Hopefully, NATION'S BUSINESS will continue to inform its readers significantly, while responsibly challenging their initiative, as it has done admirably in this number.

DONALD R. PACE
Executive Director
Middle Tennessee Industrial Development Assn.
Nashville, Tenn.

• The articles on "How to Woo and Win Industry" in the November issue of NATION'S BUSINESS are excellent.

MICHAEL HOLOWKA
Director
Business/Community Development
Delaware Chamber of Commerce, Inc.
Wilmington, Del.

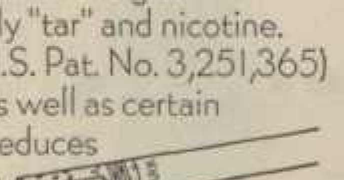
Can't please everybody

• I envy you not. Personally I thought "Operation Shakedown" [Sept.] was accurate, timely, courageous, and needful. My reaction to the readers' letters is that in the interest of fair play you must provide equal space for the defense.

Granted, there may exist some doubt as to whether failure to sponsor a Little League team is proper justification for intimidation, either implied or evident. Be that as

Tell someone you like about Lark's Gas-Trap™ filter.

Memorize these points:
About 90% of cigarette smoke is gas.
Only a fraction is actually "tar" and nicotine.
Lark's Gas-Trap™ filter (U.S. Pat. No. 3,251,365) reduces "tar" and nicotine as well as certain harsh gases. What's more it reduces these gases better than any other filter on any other popular brand, bar none.



Now you know the secret of Lark's easy taste and hard working filter.

So pass it on. Tell your friendly used car dealer. You may get a couple hundred dollars more for your '62.

King Size or new 100's.

letters *continued*

it may, after reading the responses I figuratively stood in your shoes for a time and thought how true it is that "you can't please everybody." I realize that pleasing anyone or everyone cannot be the reporter's intent, but rather he should report the facts as accurately and impartially as possible. Please continue to do so.

WARD C. McCURTAIN
Director—Accounting Operations
Gulf States Utilities Co.,
Beaumont, Texas

Postal reorganization

• It was good to see some publicity on the Post Office and its deplorable condition—although they do seem to move almost all of the mail through on time. They need total re-organization in a big way if they are ever going to keep up with the yearly increases.

I hope you will keep the subject open to the light of day, especially with the idea that the Post Office must be taken out of politics. This may be via the private corporation route or some other way.

ALLEN JAMIESON
Palo Alto, Calif.

Flexibility in office

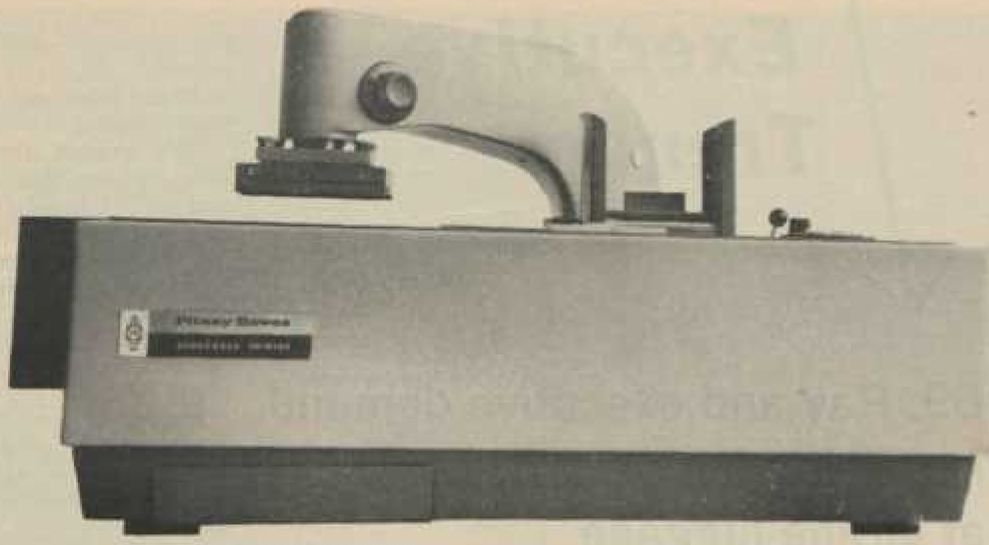
• My compliments on the fine article "How to Cut Office Costs 20 Per Cent" [Nov.].

This and similar articles continue to point out the disparity in cost and productivity controls in the office vs. the plant. It's safe to say that if plants were operated along the lines of the modern office, we would not be enjoying the wide variety and quality of products that are accepted as the fruits of our efficiency.

That efficiency cannot be deemed necessary to the plant alone, however. The office is becoming, as Mr. Hodson points out, an ever-increasing factor in over-all costs.

It's a certainty that part of the answer must be greater flexibility in office staffing. We think that increased and more pinpointed use of temporary office help services are an important part of that solution.

FRANK McBRIDE
Vice President
Kelly Services
Detroit, Mich.



Most of the things our Addresser-Printer does have nothing to do with addressing.

It prints coming-events notices.

And past-due notices.

And change-of-address notices.

And change-of-hours notices.

And change-of-procedure notices.

And notices about new products.

And notices about new services.

And notices about products or services that you have discontinued.

And point-of-sale cards.

And time cards.

And inventory control cards.

And collection statements.

And package labels.

And production-control records and instructions.

And membership invitations.

And opening-day invitations.

And special-sale invitations.

And license fee reminders.

And medical check-up reminders.

And dental check-up reminders.

And time-for-inoculation reminders for man, woman, child, or beast.

It also heads up statements.

And ledger cards.

And lab reports.

And patients' reports.

And Medicare forms.

And prescriptions.

And bills of lading.

And order forms.

And letters—complete with salutation in type that can match the type-face of your type-writer.

And employee's W2 forms and 941's.

And depositor's 1099's and mortgage payments.

And route-sheets for salesmen.

And service requests for hospital patients.

It also endorses your checks.

And signs your checks.

And fills out the payee names on your checks.

(And then it automatically addresses the envelopes in which you send them.)

And, besides all the things it prints, it helps you store information that you may never want to print—anything from credit-ratings to next of kin.

And then it helps you retrieve it.

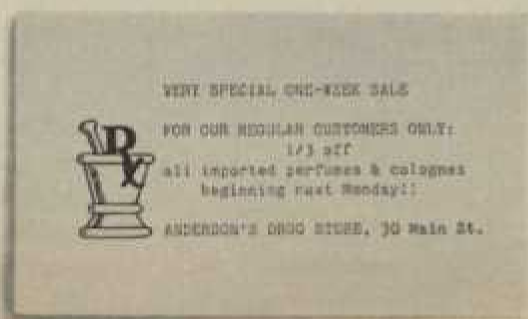
That's because of the special selection system of metal addresser-plates that's used by 11 models of our Addresser-Printer—hand operated or electric.

Each of these plates holds up to ten 46-character lines of information, from which you can print as much or as little as you choose.

And each of these plates is pipped and tabbed for automatic categorical selection.

Pitney-Bowes

For information, write Pitney-Bowes, Inc., 1331 Crosby Street, Stamford, Conn. 06904. Postage Meters, Addresser-Printers, Folders, Inserters, Counters & Imprinters, Scales, Mailopeners, Collators, Copiers.



You can even make an ad with it.

Executive Trends

• 1969: Pay and executive demand
• When sizing 'em up
• That airline luggage

Executive pay—outlook for '69

The forecast: More money in more attractive packages.

Three distinct trends are visible, say Golightly & Co. International, Inc., New York management and compensation consultants:

1. Bigger salaries, because of inflation—and competition for scarce talent. Low U. S. birthrate in the Thirties means fewer men now in the 29-39 executive age bracket.

2. More imaginative pay packages. Restricted stock options are losing favor. Newer plans include contingent stock or funds, and restricted funds using shares of other companies.

3. Better design.

"Standardized pay plans don't work well for everyone," Malcolm W. Pennington, Golightly Co. vice president, says. "The trend's toward hand-tailored models that fit the individual's special needs—and bind him tighter to the corporation."

Manager demand heads higher

"It's great to be young and a Yankee," yesterday's baseball star, Joe DiMaggio, once enthused. "Or a marketing or finance executive," today's young manager might counter.

Demand for executives of both types is at an all-time high, Heidrick and Struggles, management consultants, say.

Over-all demand, shown by Executive Wanted newspaper ads, is down 15 per cent last year from a year earlier. But fewer job openings for defense engineering and science executives put a big dent in this statistic.

The outlook for '69?

"Good," says Gardner W. Heidrick. "Executive demand closed 1968 on an up beat, and should stay strong through 1969."

Here's what EXECUTREND, the firm's copyrighted survey of executive demand, shows for latest quarter (up to Dec. 1) compared to previous quarter and for last year compared to year earlier:

	PER CENT CHANGE Latest quarter	PER CENT CHANGE Last year
Defense engineering and science	+35	−57
General engineering and science	+11	− 7
Finance	+24	+ 5
General administration	−17	+ 1
Manufacturing	+ 2	− 4
Personnel	+35	−10
Marketing	+24	+28
TOTAL: All categories	+22	−15

How to spot the deadweight

"Fire one out of every three middle managers—and he'd never be missed."

That's what one executive headhunter claims.

"It's true of almost every company in the $30 million bracket and up," claims John Handy, president of Handy Associates, New York executive search consultants. "And the bigger the company," he adds, "the truer it is. Their middle ranks are riddled by the corporate parasites who take more than they give."

Here's how you can spot one, he says:

- Has he ever made a significant decision that boosted company profits?
- Does he solve problems and answer questions by trotting out clichés, adages and platitudes?
- Can you accurately account for his daily time?
- Has he ever held a line job with direct responsibility for results?
- Has he ever brought you an idea—rather than asked your opinion of someone else's?
- Has he ever been placed under pressure?
- Is he willing to take a risk and put his judgment on the line?
- Does he always parrot your own views?

If you're still not sure, this authority suggests, give him a long vacation and see if the papers get from one desk to another without him.

Where to find a good executive

Ever lose a good man to a rival firm?

Few companies haven't. And when they do, one management consultant claims, too many behave like Tevya in "Fiddler on the Roof."

When his daughter married an outsider, he barred her for good from the family circle. Like Tevya, many companies would never invite their ex-colleague back into the executive suite.

"They're making a mistake," argues David North, David North and Associates, Inc., New York management consultants.

"Good executives with the guts and intelligence to make decisions, to take charge and lead," he says, "are in very short supply.

"Yet most firms won't even consider a source of supply—former executives who were recruited away."

Here are some reasons why they should not rule out an ex-executive, he says:

1. It usually costs less to rehire

Who says a company car has to look like one?

Remember when the only thing duller than a company car was a company picnic?

Well, the big 1969 Chevrolet lets you forget it. Because the '69 Chevrolet is one company car that makes business a pleasure.

Here's a car anybody would be proud to take home. It's the longest Chevrolet we've ever produced. It's also the smoothest riding.

Under that hood is the biggest standard V8 in Chevy's field, a 235-horsepower job that runs on regular gas.

And when it comes to roominess and trunk space, you just can't do much better in *any* field.

Add to that hidden windshield wipers, Astro Ventilation and a locking steering wheel, and you've got it. An automobile so good looking and so luxurious you'd never know it was a company car.

And neither will anybody else.

CHEVROLET

Putting you first, keeps us first.

him than it does to replace him.
2. He has talent, or the competition wouldn't have lured him away.
3. He often grows in stature and experience in a new and bigger job.

Once again, GM and Ma Bell

The glamour stocks had their fling.

But lately it was the blue chips' day on Wall Street.

That's what the performance figures for the mutual funds, compiled by Kalb, Voorhis & Co., reflect.

The top 10 funds—of some 211 on which the firm keeps tab—tend to be those which favored old reliables. Meaning, basic industrials, utilities—or insurance.

Performance is rated by the increase in net asset value per share. Per cent increase is for six months ending Dec. 1; size, as of June 30, 1968:

ASSETS IN MILLIONS		PER CENT INCREASE
$ 13.6	Insurance Investors	+50.1
$ 3.1	Crown Western-Dallas	+41.8
$ 97.5	Century Shares	+41.1
$ 64.7	Convertible Securities	+36.1
$ 2.8	First Participating	+35.3
$582.2	Enterprise Fund	+34.4
$ 18.3	Ivy Fund	+34.2
$ 1.2	Meridian Fund	+28.8
$100.1	Lexington Research Investing	+26.9
$ 7.4	Mutual Shares	+26.5

How to hang on to your bags

Lost luggage is a multimillion dollar problem to airlines. And it's a worse headache to travellers.

But you can help keep your overnighter from going astray. The Air Transport Association suggests:
1. When you change flights, allow time for your checked-through bags to get from plane to plane.
2. Put personal tags—or travel stickers—on luggage for identification.
3. Keep a business card inside your bag so it can catch up with you—if it does get lost.
4. Remove all old destination tags before starting a new trip.
5. Travel as lightly as possible.

Don't forget, the airlines will let you stow a small bag under your seat. And on some flights, there's a coat compartment where you can hang a garment bag.

IT WILL DEPEND ON THE NIXON PERSONALITY

white house mood ☆☆☆

BY PETER LISAGOR

The style of the Nixon White House will ultimately turn on the character of the man, his personality, social habits, aims and methods. Harry Truman beguiled his evening hours with a few friends, some poker, an easy informality; Ike liked a long siege of bridge; John Kennedy preferred a mixture of the academic bull session and the animated celebrity as a source of diversion; Lyndon Johnson has thrived on talking politics and policies with friends or dedicated listeners, in person or on the telephone.

Almost all of the past four Chief Executives developed or naturally possessed a gregariousness that enabled them to relax with friends or associates and that, in a major sense, influenced their appointment schedule and filled those hours in which they were not swamped by crises and official business.

Mr. Nixon by his own admission is not a back-slapping type and lacks that old-shoe quality that produces long anecdotal conversations with what might be loosely called cronies. He once confided that he was not "an outwardly warm, gregarious, easygoing type."

He said that the press was partly to blame for the impression that he was "cold or withdrawn," which he called false. "But it is true that I'm fundamentally relatively shy," he said. "It doesn't come natural to me to be a buddy-buddy boy. When I meet a lot of people, I tend to seek out the shy ones. Anyway, I'm not going to have a lot of high-powered public relations people working on me to humanize me, with pictures of me doing silly things and so on."

Nixon maintained that a major public figure almost by definition is lonely. He was Vice President at the time of the interview with Author Stewart Alsop for the book, "Nixon & Rockefeller," published in 1960, and he said that even in that post, it was difficult to "enjoy the luxury of intimate personal friendships. You can't confide absolutely in anyone. You can't talk too much about your personal plans, your personal feelings. I believe in keeping my own counsel. It's something like wearing clothing—if you let down your hair, you feel too naked."

Nixon recounted how, as a young lawyer, he had a divorce case to handle, and a beautiful girl began to talk to him about her intimate marriage problems. He was so embarrassed, he recalled, that he "turned 15 colors of the rainbow." He attributed his plight to the fact that he came from a family that was "too unmodern, really." He conceded that though he was a public figure and a practicing professional in politics, he remained oddly shy. He said, for example, that he could raise money for a political campaign by speaking to thousands or millions on television, but that he could no more ask an individual for a $10 contribution than he could fly.

In the intervening years since that interview, he has by all accounts and by some visible evidence become a man more mellow, more at ease with himself, although he is still quite intense. New associates, and some old ones, insist with some ardor that he is not stiff, aloof, lacking in warmth as a private man. "He is quite easy and communicative," one of them told this columnist during the late stages of the campaign. "It's strange how different he is from the image the public has, and the press, the image of a distant and unsympathetic individual. In reality, he is solicitous of his staff, he respects and listens to us, he argues a bit, and it's a fairly easy relationship.

"No," the aide went on in answer to a question, "he is not up tight. On the contrary, he is relaxed. Of course, he is the kind of man who needs to be alone, who likes long intervals of privacy so he can think and reflect. But I like to be alone, too, so I find that no bar to functioning with people, cooperating with them, working with them."

Every new President understandably wants to

Contributing columnist Peter Lisagor is White House correspondent for The Chicago Daily News.

put his own imprimatur on the operations of the White House, in accordance with his own personality, work habits, sense of order and pace, and experience.

Richard Nixon is no exception. He apparently didn't like the setup under President Eisenhower when he was Vice President in the eight years from 1953 to 1961, and he has moved to change it, at least insofar as the titles are concerned. An aide of the incoming President has said there will be no "Jim Hagerty, Sherman Adams or Tom Stephens" in the Nixon White House.

For those who couldn't care less about Presidential staffs who are supposed to be basically anonymous anyhow—and this includes most Americans—the use of the names of the three Eisenhower aides had only vague echoes of the 1950's. But to the bureaucratic buffs of flow charts, perquisites and prestige, to say there would be no Hagerty, Adams and Stephens meant no "press secretary," no single "chief of staff or major domo" and no "appointments secretary," and it raised eyebrows, if not questions, about how Nixon's White House finally will shape up. Whatever the man who faces the press at the daily briefings may be called—special assistant, press spokesman, aide, associate, or what have you—he will have high visibility, probably be seen on TV reading statements, be identified by name in news stories, suffer the slings and arrows of outraged newsmen who believe they are being shortchanged by the new Administration. The man Nixon has tapped for this post, which is as conspicuous, if not as illuminating, as a lighthouse, is Ronald Ziegler, a 28-year-old Los Angeles advertising man.

white house mood

With the appointment of Herbert G. Klein, a long-time press aide to Nixon, as director of communications for the whole executive branch, Ziegler clearly will be foreclosed from working into a Hagerty-like role. For Klein undoubtedly will help make policy judgments in the inner councils and be accessible for background explanations. But Ziegler will be a conduit and conveyer of queries and will make the routine daily responses to the press. That, more or less, has been the role of the "press secretary" in past Administrations. Some have towered above others, of course, but none has gone beyond the wishes of The Boss, except at fearful risks.

A notable example was Bill D. Moyers, LBJ's youthful press secretary before he became a newspaper publisher. Moyers often represented the President's views a little too freely for Mr. Johnson's taste.

While there will be no single major domo, a la Sherman Adams, in the Nixon arrangement, the present indications are that those "Assistants" (with a capital A) he has named will serve as a composite Chief of Staff, sifting appointments and schedules, adding and subtracting to them, and then turning them over to the "special assistants" to handle.

It is fashionable for Presidential candidates to speak of "an open Presidency," as both Mr. Nixon and his chief opponent did in 1968. This suggests that they intend to be at the barricades, so to speak, open to the flow of creative people, new ideas and the like. Some Presidents have felt their energies have been drained off by the ceremonial obligations of the office, the visits of 4-H groups, commodity Queens, civic leaders, sports and theatrical figures, service club spokesmen, etc. Their staff has vowed to protect The Boss from this endless burden of White House life, and a Nixon spokesman has intimated that Vice President Spiro Agnew, being in the White House physically, might well relieve the new President of much of this load.

The fact is that even many of these visitors prevent the President from being walled off, keep him in touch with the people, permit him to sharpen his awareness of common griefs and grievances and concerns, in fact contribute greatly to the concept of "an open Presidency."

That term doesn't imply a swinging door on the White House through which anybody might saunter; the Secret Service in this day of Presidential threats wouldn't allow it. But it does suggest that the President will not become a recluse, isolated, paper-ridden, staff-bound, turned inward to a handful of advisers with whom he feels comfortable.

Not until he has been in office a while and goes through a shakedown period will Mr. Nixon know whether he is comfortable with his staff as he presently has it organized. His eight years as Vice President under Ike make him no stranger to the workings of the Presidency, but only a man in the job can appreciate its limits and its potential, according to those who have held it in the past. There is, in a word, no substitute for on-the-job training for the President, as most of Nixon's predecessors found out for themselves.

state of the nation

BY FELIX MORLEY

WE'RE ALL IN THE SAME BOAT

A great achievement was to have been celebrated in Western Europe during the year now dawning.

The Common Market countries, after more than a decade of continuous cooperative effort, had last July seemingly completed the elimination of industrial tariff barriers within that area. Since then the executive of this European Economic Community, in Brussels, has been icing the cake by harmonizing secondary differences, like transport regulations. It was expected that by now a real Customs Union would be in effect for the participating States—France, Italy, West Germany, Holland, Belgium and Luxembourg.

It is therefore the more poignant that this major accomplishment should have been largely nullified, if only temporarily, by the financial tremors that have shaken Europe in recent weeks. Emergency restrictions affecting both currency and trade are in effect all along the Franco-German border. Instead of being pensioned off, additional customs officers have been hastily recruited. And to this disruption of all their patient effort the Common Market authorities have been forced to give reluctant approval.

Increasingly, over the past 10 years, the European Economic Community has served to increase the commerce of its membership. A large part of the prosperity of Western Germany is built on rising exports to its neighbors. But that very success has emphasized deficiencies in French production, especially since the increase in costs following the social disturbances last summer. Now the weakness of the franc, as against the mark, has clearly demonstrated that the elimination of tariff barriers will not by itself guarantee free trade. Stability as between national currencies is also essential.

The commercial world had this stability, in the distant days when the paper money of all the trading nations was convertible into gold. Linkage with that precious metal also linked all the various currencies together, thus incidentally forcing economy on every government by making a continuously adverse balance of payments impossible. There has been no such restriction, and therefore no really reliable financial stability, during the present era of irredeemable paper money.

The complicated mechanism of international exchange established as a substitute for the gold standard at the close of World War II has operated remarkably well. But thrice in the past 13 months it has been seriously shaken by the unwillingness of particular governments to live within their means. No system of exchange can function when some governments depreciate the value of their money as compared with that of others whose people are willing to work harder and waste less.

Our country did not develop its highly successful common market, from Maine to Hawaii, merely because the Constitution prohibits trade barriers between the States. More to the point is our common monetary unit. This makes it immaterial if one State runs an adverse balance of payments, so long as the Union as a whole does not do this continuously. If it does the dollar will in time cease to be acceptable as reserve currency by other nations. There are intimations that this disaster is by no means impossible.

But the grave setback to the European Economic Community is the more immediate problem. To forge ahead again some monetary solidarity among its members will have to be developed. Given the intensity of French nationalism anything like the "Europa Mark" that has been advocated seems impossible. Even a more far-reaching cooperation among the Central Banks will not be easy to achieve. Nevertheless the need for some financial consolidation has in the last few weeks become indisputable, President de Gaulle to the contrary notwithstanding.

The situation is full of ironies that must be bitter to the aged general. The same arguments that he used to bar Great Britain from the Common Market are now applicable to France. He must hum-

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bly welcome the generosity of Germany and assume the novel role of suppliant when he approaches Washington.

But there is no case for amusement at De Gaulle's discomfiture. All the western nations are in one boat together and it is all too clear that a collapse of the franc, on top of the weakness of the British pound, would have consequences disastrous to the whole fabric of international trade. Equally evident is the fact that the more primitive barter system of the communist countries is at least holding its own. Manifestly a greater unity, and a truce to pointless recrimination, is essential policy for the West.

The EEC, under present circumstances, cannot provide that unity. And NATO is hampered because the urgent requirement of the international monetary system is curtailment of governmental spending. Austerity means less military expenditure by both France and Britain.

state of the nation

In this uneasy situation one aspect of the recent French crisis deserves more attention than it has received. The speculators who anticipated devaluation exchanged their francs, in enormous quantities, into German marks as one of the stronger of world currencies. Thereby they tacitly scorned the fear that Berlin is currently threatened by Russian aggression, as some had thought probable after the suppression of Czechoslovakia. Hot money goes where a profit and not a loss is probable.

Indeed it could well be that the Kremlin now needs a period of stabilization just as urgently as does the West. There are currently many fractures in the once monolithic communist world. Developments such as the rapid growth of its merchant fleet suggest that Russia is now thinking in terms of trade rather than territorial expansion. If so, the time is ripe for strengthening the financial basis of the free enterprise system. On that, in the last analysis, our military defense depends.

These economic and political factors are deeply entwined. Their far-reaching significance is forced upon us as the new Administration takes office. President Nixon, in his messages to Congress this month, will rightly be expected to give at least an outline of his policy towards an international financial crisis which is in no sense resolved because temporarily subdued.

The incoming President has one great advantage. He is not hampered by commitment to policies that have not worked. Mr. Nixon knows that the western world can have no real unity unless and until the dollar, as its reserve currency, is made secure. This cannot be accomplished by tinkering but requires a well designed overall plan, in which every part gears smoothly with the others. And both Congress and country must be told convincingly just why each measure involved is necessary.

This task is somewhat easier because the prosperity of the United States is fortunately much less dependent on world trade than is the case with Western Europe and Japan. Only about five per cent of our gross national product is derived from exports as against 25 per cent and more in the case of some of our allies. But our responsibility is actually the greater because of our relative immunity from rapidly recurrent difficulties that now threaten the strangulation of international commerce. History tells us that isolation gives no insurance against recession.

Already a dark shadow has spread over the promise of the EEC. The same will happen to NATO if long-continued austerity measures force the French and British people into hopeless pauperism. And it is clearly within our power either to strengthen or further weaken the franc and pound, according to the policies that we pursue.

Above all it is important to keep the dollar strong, for the welfare of others as much as for ourselves. The free world must have reasoned faith in this reserve currency if its business leadership is to regain the financial confidence that has lately been so badly shaken. However necessary in an emergency this confidence cannot be provided by current arbitrary exchange controls. Indeed, these pave the way towards full-fledged socialism.

When the old Roman Empire was in somewhat similar difficulties the great ruler Constantine issued a gold coin, known as the *solidus*, of which the weight and purity, and consequently value, were most carefully safeguarded. Because it was everywhere acceptable this *solidus* for a time did much to restrain inflation, maintain trade and hold the far-flung Roman world together. The name of that reliable currency still lingers in our word "solid." And it is for assurance of a solid dollar that today's world waits, as our new President assumes the grievous cares of government.

WHO WILL PAY THE BILL?

right or wrong!

BY ALDEN H. SYPHER

America's finest public transportation linking a large city's downtown center to its airport has been put into service in Cleveland, Ohio.

Only two other cities in the world—Brussels and Tokyo—have services that compare with Cleveland's direct rapid transit line connecting Hopkins International Airport to Terminal Tower on downtown Public Square.

Twenty new red and silver stainless steel cars were built by Pullman-Standard Division of Pullman, Inc., of Chicago for the new service at a cost of $175,000 each.

The cars seat 88 persons. They may be run separately or in trains up to four cars long. Top speed is 65 miles an hour—and nothing crosses their right-of-way at the same grade level.

Passengers ride in up-to-the-minute luxury from the center of the city to the airport, and in the opposite direction—a distance of 11 miles through heavily built-up industrial and dwelling areas, in 20 minutes for 35 cents.

It takes an hour or so by cab or bus in normal traffic conditions. Cab fare is about $5. Bus fare is $1.60.

Drivers of private cars can make the run in the same time, but then they have the problem of parking. This may take an hour or longer, and some have been known to give up and drive back home.

The new service is scheduled so frequently that you may arrive any time at either end and wait only a few minutes. Service is maintained at 10-minute intervals from 5:02 a.m. to 1:07 a.m.

The new airport-downtown run was made possible by the completion of a four-mile extension of the southwestern leg of Cleveland's existing rapid transit system.

The 20-minute span from the end of the extension to the downtown terminal includes eight stops. No provision was made for express service exclusively to the airport.

Officials of the city-owned transit system and some civic groups have promoted an air terminal facility at the transit's downtown stop. Under such an arrangement flight passengers could check in at airline counters in the Union Terminal, which is the underground section of Terminal Tower, and also check their baggage to their destination before making the 20-minute transit run to the airport.

The 11 airlines serving the city have decided to wait until a study of the service proves the practicability of a downtown air terminal facility.

Their cautiousness may be traced to the fear expressed by some that many airline passengers will not choose to ride on mass public transport to get to the airport, or that the system may be jammed with crowds flowing to and from work.

As new and modern as it may be, Cleveland's airport run is only an addition to a rapid transport system established more than 40 years ago.

It is the product of the initiative, imagination, and enterprise of the kind that turned this continent from a wilderness into the most highly developed nation in the world.

Two men who had these characteristics in abundance were the Van Sweringen brothers, O. P. and M. J. It was not long after World War I that this pair envisioned a Cleveland spreading over the then-empty rolling hills and tree-shaded valleys to the east of the city. They gave their vision the reality of motion, a motion that paused in the deep Depression, resumed again and has not yet stopped.

One of their first ventures was the development of Shaker Heights, an example of city planning that won recognition throughout the world, and a city today of more than 40,000 persons.

To make this land attractive to downtown workers the Van Sweringens used an old railroad right-of-way from their Union Terminal to build the high-speed Shaker Heights Rapid Transit Line. Its first stop was Shaker Square, 10 minutes from Public Square.

The success of the development brought exten-

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sion of the transit beyond Shaker Heights. It terminates on its eastern end today eight miles from the downtown terminal, a 16-minute run.

The Van Sweringen brothers' plans took the line much farther into the country to the east of Cleveland when the new economics that came into being in 1929 put such developments into a long sleep.

Recent extensions have been the western and southwestern leg of the system, in projects promoted by the city after it had acquired the line.

Federal officials headed by Secretary Alan S. Boyd of the Department of Transportation, state officials led by Ohio's Gov. James A. Rhodes and officials of the city and the city-owned Cleveland Transit System took part in the dedication of the newest addition. Secretary Boyd returned to Washington after taking a $12,430,000 inaugural program ride. The federal government had already bought his ticket for that amount by paying two thirds of the cost of the four-mile extension.

This was federal money only in the sense that Washington will collect it sometime in the future from taxpayers living across the nation. There's little chance the government had already collected it. Washington is operating under a deficit and must borrow money for its handouts as well as for some of its operating expenses.

What's the condition of this hand that distributes money for many diverse and worthy causes throughout the nation and in much of the rest of the world? Rep. Wilbur D. Mills, Democrat of Arkansas, thinks the hand that makes the handouts is in pretty bad shape.

He's an authority. Mr. Mills is one of the most knowledgeable men in the country on federal fiscal matters. Since he is chairman of the House Ways and Means Committee, he is also the most powerful man in the nation, even including Presidents, when it comes to taxes.

On the same day that Cleveland was dedicating the new service slicing the cost of public transportation between downtown and airport from $1.60 to 35 cents with the help of massive federal aid, Rep. Mills happened to be making a speech in Little Rock.

He described the handout hand as being inflicted with cancer.

The 10 per cent surcharge added to federal income taxes last year in an effort to fight inflation and cut the deficit was only, he said, "a Bandaid on a hand cancer" that must be cured by stringent federal economies.

"Let no one be mistaken," he told the Arkansas Petroleum Council, "certainly I wish I could say with positiveness that the 10 per cent surcharge will not have to be continued, that it would stop on next June 30.

"I can't say that because I do not know what the alternatives to dropping it would be. But I do not want you to think we've cured the problem we had in the spring of 1968 by a one-year adoption of a 10 per cent surcharge. We haven't.

"What we've done is merely to put a Bandaid on a very evident hand cancer. We've kept anyone from seeing that we have cancer on our hand, but we haven't done a thing in the world about eliminating the cancer."

It's a self-inflicted malady. Washington has caused it by appropriating in the legislative branch, and spending in the executive branch, money it doesn't have. For handouts, as an example.

It's brought home to you in many ways, most noticeably in the inflation which cut the value of your dollars by more than four per cent in the past year.

And by the 10 per cent rise in the prices of appliances and furniture, and the five per cent increase in the cost of clothing.

Even when Washington takes a small step to bring its books ever so minutely more nearly into balance, it does it in a way that would raise the cost of living throughout the land.

The Bureau of Land Management and the United States Forest Service allocate grazing rights to about 47,000 stockmen who raise beef cattle and sheep. In other words, they lease government-owned or controlled land to meat producers.

The Bureau of Land Management proposes to increase fees charged these stockmen over a 10-year period, starting this year with a boost of nearly 40 per cent.

The Forest Service wants a more modest boost of a little less than 30 per cent.

Just how much these proposals would change the price of meat is not clear, but it will be upward.

It's a start toward budget balancing, in the sense that a journey of a thousand miles starts with a single step.

It also gives you an idea of who will pay the bill as Washington tries to bring its income up to its outgo.

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Other differences are more complex. All stem from our belief that the best machine for any job is the one designed to perform that specific function.

From our most basic adder to our 167 printing calculator, the entire line of Hermes figuring machines is designed to help people perform their jobs in the most professional way possible.

The choice of machines for your office is greater than manual versus electric. Putting the right machine to the job can make a difference in the work that goes out of your office. It has with ours.

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Hermes 100: hand adding machine for home and small business use. Adds, subtracts, multiplies. In 7/8 and 10/11 capacities.

Hermes 163: electric adding machine with automatic recall, constant and memory storage. In 12/13 capacity.

Hermes 161: electric adding machine with repeat key, correction key. In 8/9 and 12/13 capacities.

Hermes 167: printing calculator with all four basic computation processes. In 12/13 capacity. (Available soon.)

Hermes 365: printing multiplier with shortcut and negative multiplication. In 12/13 capacity.

Hermes 165: printing multiplier with automatic recall, memory storage, constant. In 12/13 capacity.

Hermes 209: electric adding machine for small business use. Adds, subtracts, multiplies. Speed 200 r.p.m. In 8/9 and 10/11 capacities.

For the name of the Hermes dealer in your area and literature on our full line of figuring machines and office typewriters, write Paillard Incorporated, 1900 Lower Road, Linden, New Jersey 07036.

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LeMans is, however, one very special automobile. You see, the Hardtop Coupe, pictured at the left, has the kind of front-seat leg room that a lot of much bigger cars would be proud to call their own. The back seat is no squeeze play, either. Enough space to keep three of your largest accounts comfortable for a night on the town.

Amen on the comfortable part. The seats are upholstered in thickly padded, expanded Morrokide. And the new upper-level ventilation system lets you breeze along, windows up, with draft-free circulation of outside air. (Go ahead, 50¢ stogies for everyone.)

Yet for all that room and comfort, LeMans is most maneuverable. Easy to handle. A Wide-Track performer through and through.

All that might help you understand the growing popularity of LeMans at airport rental-car booths. If you want to know why so many are showing up in driveways back home, however, you'll just have to try one.

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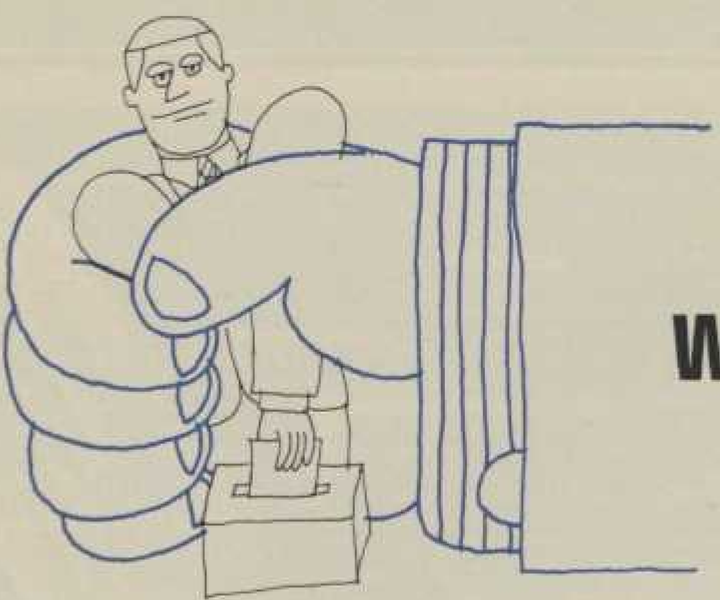


WILL UNIONS LOSE

Here are chances for needed reform in labor laws and their enforcement

Businessmen yearning that the new Administration and Congress will bless them with long-sought relief from union dominance of labor-management affairs may have their highest hopes shattered.

Labor unions still claim the preponderance of power on Capitol Hill, in the regulatory agencies and within the courts.

Further, the President-elect's "Bring Us Together" theme offers little prospect that he'll offend a large bloc, like organized labor. Despite the fact that union leaders left no stone unthrown in opposing Mr. Nixon's election, they do not think he will retaliate.

Instead, union leaders expect the Nixon Administration will try to woo them over—perhaps with a few more governmental favors.

However, the American citizens may not go along at all with this reasoned forecast.

A public irked by continued inflation, senseless strikes and hiring hall racism could shatter the present Potomac complacency about the grip unions hold on the lives of millions.

And, a business community sufficiently aroused by the lack of justice in both the provisions and administration of labor laws could move the new President to seek the eclipse of many privileges and immunities that unions bask in.

The togetherness mood in Washington could then vanish fast in the labor field.

Last November's election still rings in the ears of Representatives and Senators in the union camp. They are well aware of how voters rejected many of their colleagues who had listened more to union lobbyists than to their constituents.

The incoming Ninety-first Congress will thus pay greater heed to the concerns of those they represent than to the pressure groups that helped finance their campaigns.

Fewer allies in Congress

In addition, the number of Congressmen whom union lobbyists feel completely comfortable with has dropped by seven, according to the AFL-CIO's own count. The AFL-CIO figures that pro-unionists from both parties now account for 200 of the 435 Representatives and 52 of the 100 Senators.

But barring public concern over union abuses, union lobbyists think most Congressmen will avoid involvement in labor matters if they can help it. Congressmen are well aware that the unions keep books on how each of them votes. These books determine whether a Congressman will get the palm or the back of the union's money hand when re-election time approaches.

Union lobbyists are smug over the fact that pro-unionists continue to control both the membership and staffs of the labor committees in both houses of Congress.

So deep has the Senate Labor and Public Welfare Committee been in union-backed members that it remains a union bastion despite the loss of three ranking Democrats: Chairman Lister Hill of Alabama, Oregon's Wayne Morse and Pennsylvania's Joseph Clark, chairman of the Manpower subcommittee.

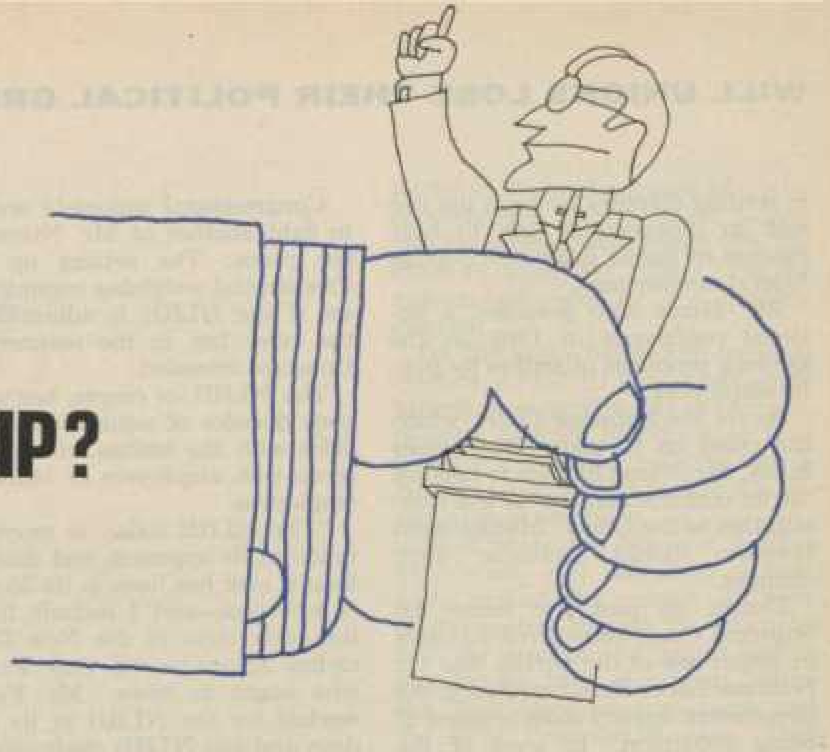
Union strategists admit that their Congressional strength is not sufficient this time to push through any major additions to union power. But they figure they have enough votes to block any big reduction of past gains and maybe even to slip in a few modest gains.

Labor's shopping list

These lobbyists certainly will not be loafing during the Ninety-first Congress. The AFL-CIO Executive Council will decide what legislation to push for the hardest at its Bal Harbour, Fla., meeting next month. High on the list will be:

- A revised Occupational Health and Safety bill, giving the federal

THEIR POLITICAL GRIP?



government vast powers over the daily operations of almost all types of businesses.

• The common situs picketing bill. A longtime resident of Capitol pigeonholes, it would give unions broadened privileges to pull off secondary boycotts at construction sites.

• A proposal to make farm employees subject to the federal labor laws.

• A bill to give the Equal Employment Opportunity Commission broader powers, including the authority to issue cease and desist orders.

• Increased collective bargaining privileges for federal employees.

• Another hike in the federal minimum wage—this time to $2 an hour.

• Further limitations on the use of atomic energy—a proposal pushed by the United Mine Workers.

• More liberal federal standards for workmen's compensation.

• An independent maritime agency. This is backed by the Maritime Trades Department of the AFL-CIO which lost much of its influence in government when the old Maritime Administration was nestled in the new Department of Transportation.

• Further increases in Social Security pay-outs.

• Direct federal control over private pension plans with federal rules for vesting, funding and portability provisions for workers who switch employers.

• Outlawing the federal government's practice of hiring contractor-supplied workers instead of Civil Service employees.

• Further restrictions on hiring strike replacements.

• Provisions for making employers bargain over employer-provided care centers and educational trust funds for employees' children.

• A variety of programs for injecting the federal government deeper into welfare, education, city rejuvenation, health and consumer problems.

Few of these proposals will get White House support. For the most part, Mr. Nixon avoided making commitments on labor matters during his campaign.

But various remarks by Mr. Nixon during the campaign indicate that he has some definite ideas for meeting labor troubles.

The President's plans

Mr. Nixon believes he can stay clear of the wage-price guidelines whirlpool, which Presidents Kennedy and Johnson splashed about in, and still check inflation.

He plans to take steps to prevent the unemployment level from rising above four per cent. He wants to help industry create 15 million new jobs. This will be attempted partly through tax incentives to encourage businessmen to invest in manpower training in the ghettos and to contribute to private schools. The incentives include tax credits, special deductions and accelerated write-offs.

The new President will have to figure a way of avoiding the reef of the House Ways and Means Committee, however. Chairman Wilbur Mills opposes most tax credits.

Mr. Nixon will try to replace the present system of running federal employee labor relations through Presidential executive orders. He wants a law that insures "meaningful consultation" between federal employee unions and government managers. He also wants mutually agreeable "third party involvement"

in settling disputes between the two and an independent unit to hear charges of unfair labor practices in federal employment.

Mr. Nixon also proposed a national conference in 1969 on the growing problems of strikes by public employees.

As for the Supreme Court, which has ruled on so many labor cases lately, Mr. Nixon intends to appoint "strict constructionists" of the Constitution to the Court. Management lawyers should welcome such changes.

During its past two terms the Supreme Court considered 10 cases in which one of the parties was the National Labor Relations Board, the government agency most accused of being pro-union. In most of the cases, lower courts had already ruled against the NLRB. But in all 10 cases the Supreme Court, usually in five-to-four splits, sided with the NLRB.

"Some of our judges have gone too far in putting their social and economic ideas into their decisions," Mr. Nixon has said. What is needed, he contends, are "men that interpret the law and don't try to make the law."

The new President may have his chance to appoint such men soon, with Chief Justice Earl Warren's pending resignation and with three other Justices ailing.

Any Nixon appointment to the High Court, however, may draw heavy flak from some Senators who, along with the AFL-CIO, supported President Johnson's abortive attempt to give his friend, Justice Abe Fortas, the top Court job. They might be in a retributive mood.

Mr. Nixon opposes federal job safety standards. He prefers "leadership by example," in which the federal government, which now falls pitifully short of the outstanding safety record compiled by private industry, sets up uniform safety regulations for its own construction projects.

In the safety area Mr. Nixon is apt to ram into Democratic Sen. Ralph Yarborough. As chairman of the Senate Labor subcommittee last Congress, the stocky, jawy Texan fought hard to install his expensive Occupational Health and Safety bill for policing private firms. He vows to saddle up the old bill again this year and ride it for all he's worth, and now he is in line to be chairman of the full Committee.

Congressional unionists are sure to fight another of Mr. Nixon's labor plans: The setting up of a Presidential watchdog committee to see if the NLRB is administering the labor law in the manner that Congress intended.

The NLRB, of course, has undergone decades of accusations that it sides with the unions when unions scrap with employers or individual employees.

"The NLRB today is more pro-union in its approach and decisions than it ever has been in its 35 years of existence—and I include in this the early days of the New Deal," claims snowy-haired Guy Farmer, who ought to know. Mr. Farmer worked for the NLRB in its early days and was NLRB chairman during the Eisenhower Administration.

There seems to be little that Mr. Nixon can do immediately about the composition of the Board or its powerful Office of General Counsel.

The five Board members are appointed for staggered five-year terms. Present membership could remain intact until Dec. 16, 1969. That's when the term of Sam Zagoria, an appointee of President Johnson, ends. A former administrative aide to union-backed Sen. Clifford Case (R—N.J.), the genial Mr. Zagoria is one of two Republicans on the Board.

Although appointees to regulatory agencies do not submit resignations with a change in administrations, it has been rumored that some Board members may resign, especially under the heat of a watchdog committee. Some longtime management lawyers, however, shake off the rumors as wishful thinking.

The man mentioned most often for an early resignation is scholarly Frank W. McCulloch, the present chairman. The President is entitled to name whomever he wishes as the NLRB chairman, but Mr. McCulloch's term as a Board member does not end until Aug. 27, 1970.

Member Gerald Brown's term ends in 1971, John Fanning's in 1972 and that of the other Republican, Howard Jenkins, ends in 1973.

Assuming there are no resignations or deaths of present Board members, Mr. Nixon would not be able to put a Republican majority on the Board for three years. The best that management could hope for in the meantime is that Board members will become less inclined to please unions as the time for consideration of their reappointment nears.

Some persons have suggested that the NLRB be expanded to seven members, thus allowing the President to appoint a Republican majority instantly. Most management strategists, however, dismiss this idea as too reminiscent of the way President Franklin Roosevelt tried to pack the Supreme Court with men who would rubber-stamp his New Deal programs.

Who sits on the Board actually is less important to unions than who occupies the office of the NLRB's General Counsel. This man controls the processing of complaints and decides what will be heard and what will not.

Unions are well satisfied with the present General Counsel, Arnold Ordman, and his far-flung field staff. Mr. Ordman's four-year term—his second—does not expire until June, 1971.

Rewriting the law

True reform of the NLRB would have to come through the legislative route, most industrial relations men agree. Some 100 blue-ribbon labor lawyers representing a variety of business groups have drawn up details of how the labor law can be reformed to curb NLRB excesses. They have been updating the proposals for two years, awaiting the right political climate for getting serious Congressional consideration.

The blue-ribbon proposals contain a score of amendments to the National Labor Relations Act. Authors maintain that they amount mostly to a reaffirmation of what Congress meant to say in the labor law before it was wrenched out of context by decisions of the NLRB and some courts.

Included, for example, are reaffirmations of an employer's right to free speech, his right to manage his own business and his right to seek injunctions in court against strikes that breach contracts. The proposals also reaffirm an employee's right to choose or reject a union through free elections and his right to protection from union coercion.

The AFL-CIO, meanwhile, has its own package of labor law "reforms." Mostly they are designed to give unions still more power. They include repeal of Section 14(b) of the federal labor law—which allows states to protect workers from being

forced to join unions against their will—and granting to the NLRB power to hand out more severe punishment to managements it finds guilty of unfair labor practices.

The unions probably will not press this session for such changes. They fear what Sen. Yarborough peculiarly describes as "opening the whole Pandora's box" of labor law reforms. They also fear the embarrassment of a Nixon veto that they could not override.

Unless a great public concern over union power develops, the business community also will consign its proposals for major labor law changes to the back burner. Business, instead, will concentrate efforts on bills:

- Restricting campaign contributions by union political organizations.
- Giving businessmen relief from secondary and product boycotts.
- Permitting union members to vote on whether or not to continue a strike they are in. Sen. Paul Fannin (R.—Ariz.) tells NATION'S BUSINESS he will again introduce a bill to this effect. It is designed to take back some of the power handed to labor leaders once a strike has begun.

Will the new Administration support these bills? There have been few clues one way or the other from the Nixon camp.

Certainly, for the first time in decades, a President has been elected who owes nothing at all to labor unions. Virtually every active labor leader in the land opposed Mr. Nixon's election. More union money and manpower was poured into the effort to defeat Mr. Nixon than the unions had spent in any previous election.

On the night before the national election, AFL-CIO President George Meany even purchased costly coast-to-coast network broadcasting time to deliver a tirade implying that a Nixon victory would lead to the destruction of unionism.

Most observers, however, believe Mr. Nixon will not carry a vendetta against the unions. In view of the narrow margin by which he won the election, he would like to broaden his base of support before the 1970 Congressional races and the 1972 Presidential race. This could mean that Mr. Nixon will be much more lenient with the unions than most businessmen would like.

Seafarers to the rescue

At the same time the unions seem to be moving toward the new President with white flags. Most union leaders do not know how to function without White House aid.

At the forefront of union contacts with the Republicans will be Seafarers President Paul Hall. He is a long-time friend of the new Vice President, Spiro Agnew, and Republican Hill leaders Sen. Everett Dirksen and Rep. Gerald Ford. Such credentials further qualify Mr. Hall as the heir apparent to Mr. Meany's AFL-CIO throne.

Despite Mr. Hall's connections, union leaders know they will not enjoy the easy access to the White House that they have grown used to. No longer will they be able to require their consent to every Presidential appointment in the labor field.

No longer will they be able to get the President to appoint their favorite mediators or otherwise pressure management in union demands.

Mr. Nixon has announced that he will not engage in deals with unions or management. He maintains that the two sides should work out their own problems. He says he will intervene only in an extreme emergency and will do so "with complete impartiality."

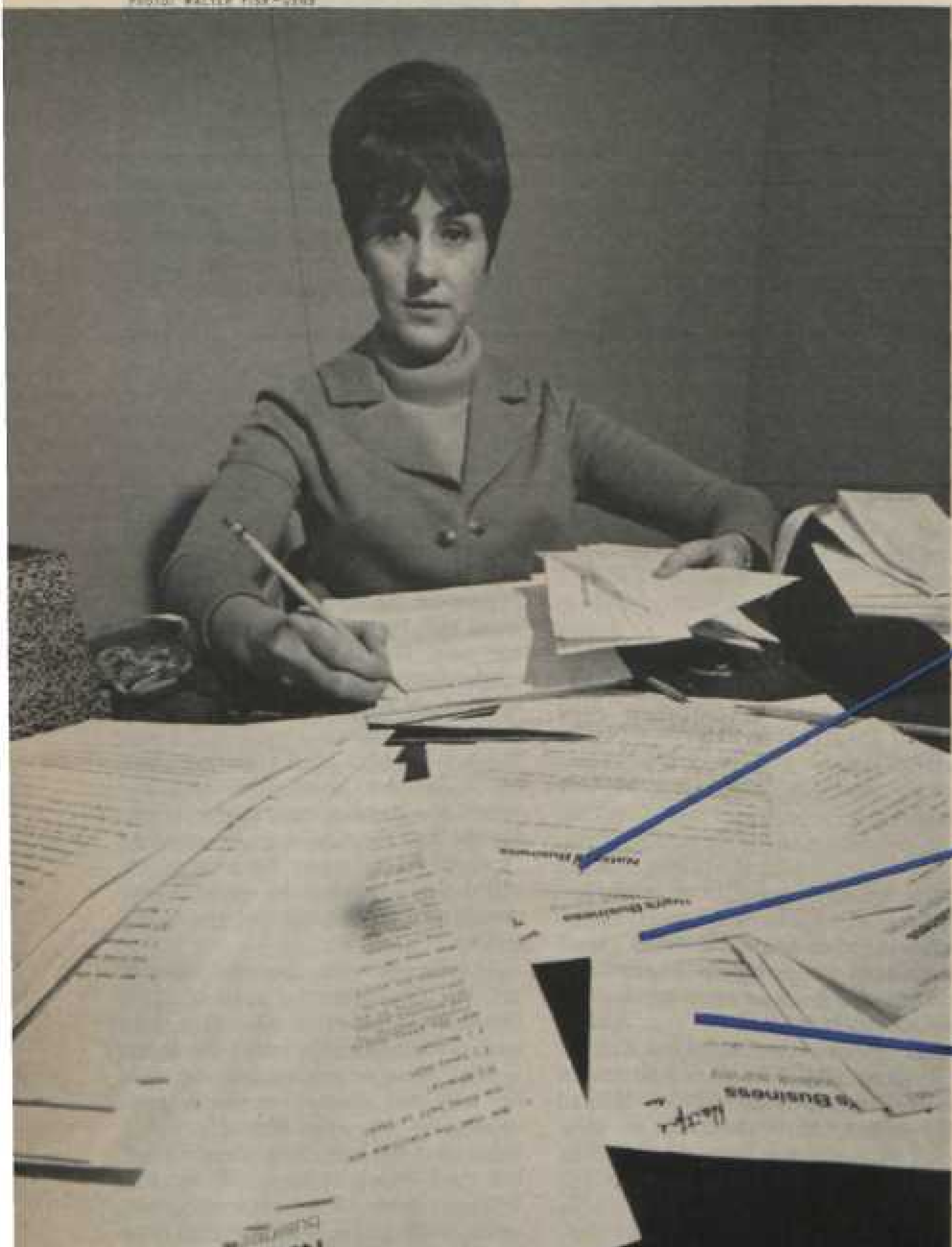
The exodus from the White House of wheeling and dealing over labor problems and the entrance of objectivity, most businessmen agree, would in itself be a smashing victory for management. **END**

QUARTERLY OUTLOOK SURVEY

Top executives forecast:

PROFITS POINT HIGHER

PHOTO: WALTER FISK—[illegible]



Pessimists are as hard to find among American businessmen these winter days as a brace of tickets to Dick Nixon's Inaugural Ball.

Nearly twice as many forecast a profit gain as see profits flattening in the first half of 1969.

Practically everyone believes business either will level off temporarily in early 1969 at its present high altitude or will continue to rise.

Of 185 top executives taking part in NATION'S BUSINESS' Twenty-ninth Outlook Survey, only five said they believed the economy would shrink during the first six months of 1969.

Eighty-five said the economy would advance.

Ninety-three said there would be a leveling-off, but no decline. Two executives would make no estimates.

The survey response is more rosy than most economists view the first half of the year.

Edwin Parker, president of A. G. Spalding & Brothers, Inc., sporting goods manufacturers of Chicopee, Mass., succinctly wrapped up sentiment among the Bulls:

"Business is going to stay good for a long time, simply because a lot of people are making a lot of money."

Gabriel Hauge, president of Manufacturers Hanover Trust Co., New York, says, "We see little likelihood that demand for credit will slacken, in spite of the slower economic growth. If corporate profits suffer, business demand for credit might even increase."

On the economy as a whole he wrote, "Fiscal and monetary restraints have begun to slow the economy, and continuation of these restraints in 1969 should result in a much slower rate of growth than that of the past year."

But Mr. Hauge, like nearly every participant in the survey, avoided saying the economy would suffer. Rather, they said, the rate of growth would not be quite as brisk.

FOR '69

Many businessmen wrote that not enough time had gone by since the Presidential election to assess the economy's future.

Confidence in new Administration

One banker who didn't stall was Henry C. Coleman, chairman of Commercial Bank at Daytona Beach, Fla. "Confidence is being restored by the knowledge that a conservative President is in the White House," he said.

Another banker seeing a steadily advancing economy is Carl K. Dellmuth, president of the Fidelity Bank, Philadelphia, who wrote, "The expansionist tendencies in the economy are too great to permit any significant slowdown in 1969. Consumer incomes are rising and demands for housing and durables are increasing."

Bill Zentz, executive vice president of the Bank of The Commonwealth in Detroit; Joseph H. Harrison, senior vice president of Citizens and Southern National Bank in Savannah, Ga., Lewis Bond, president of the Fort Worth National Bank, and E. J. Kolar, retired board chairman of the United States National Bank of Oregon, Portland, Ore., believe the economy is now in a leveling off period.

Explaining his belief that for a time the economy will more or less hold its own, John S. Fangboner, chairman of the board of the National City Bank of Cleveland, wrote, "The federal budget is rapidly moving toward a surplus position, the money supply is leveling off, and hopefully Viet Nam hostilities are subsiding. These restraining influences should hold 'real' growth to nominal proportions in the first half of the year."

An advancing economy is foreseen by Robert H. Stewart, III, chairman of the board of the First National Bank in Dallas. But, he writes, the rate will be slower, "because of the dampening effects of the $10 billion income tax surcharge, a $3 billion increase in social security taxes and a somewhat slower growth rate of money and credit."

Pitt B. Harris, manager, production planning and market research, for Bibb Manufacturing Co., the Macon, Ga., textile firm, joins the "leveling off" group. He believes that the "supply of money will not grow as fast as it has."

A declining economy is in store, says M. A. Wright, chairman of the board, Humble Oil and Refining Co., of Houston. The reason, he said, is "An increase in social security taxes and large tax payments due to inadequate withholding should slow consumer spending; since the savings rate has already declined substantially, consumers will have less of a cushion. Lagged effects of tight monetary policy should inhibit investment spending, and government expenditures should be moderate."

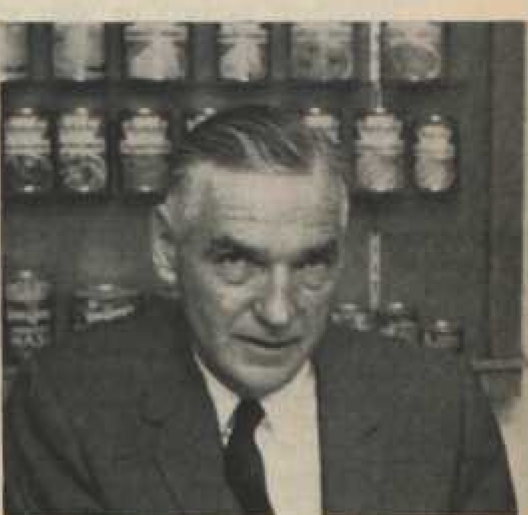
H. P. Smith, vice president of F. W. Woolworth Co. of New York, agrees with Mr. Wright's reasonings but he sees a leveling off instead of a decline. Mr. Smith explained, "Some adjustment may take place in changes of administration—impact of additional tax payments in April as result of underwithholding could have a bearing."

While slightly more feel the general economy will level off rather than advance, the great majority foresee their own business prospects as better than ever.

The question, "Will sales or volume of your own business in the first half of 1969 increase over the first half of 1968? Level off? Decline?" brought 142 responses forseeing an increase. Thirty-five foresee a leveling off and four a decline. Two see no change and two declined to predict.

The question, "Will prices of your products or services in the first half of 1969 rise? Stay the same? Some go up and others down?," brought 82 answers saying prices would rise;

"Reform the NLRB" says E. L. Malloy, president of New York based Macy retailing operations.



Our problem: declining foreign trade balance, claims Alfred J. Stokely, of Stokely-Van Camp.

Inflation will get worse before it gets better, says Robert Gerholz of Gerholz Homes in Flint, Mich.

sixty-two said prices would be stable and 32 said prices would vary. Five said prices would go down and four would not comment.

Outlook for profits

The all-important question—"What will happen to your profits in the first half of 1969"—produced 107 answers saying improvement ahead. Fifty-nine see profits remaining the same, 15 see a drop in profits and four did not answer.

What will happen to company spending for capital investment this year? Seventy-two see increased spending, 33 decreased spending, 75 see spending remaining the same as in 1968 and five would not estimate.

A wide variety of opinions exist throughout industry on what will happen this year to the cost of labor, including fringe benefits. A five per cent increase is expected by 60 business leaders. But this isn't a consensus because 44 other leaders expect a six per cent increase, 17 see a seven per cent increase, 13 an eight per cent increase, two a nine per cent increase and 18 see a 10 per cent jump. Only one thinks labor costs will go down, while another thinks labor costs will leap by 20 per cent.

Most Americans seem to expect a tailing off in Viet Nam fighting during the new year, if not a cessation of hostilities.

What will this mean to business?

Seventy-eight leading executives answering the NATION'S BUSINESS survey believe that business will benefit; only 22 think business will slow down. Fifteen think some businesses will slow down while others pick up. Very little effect one way or the other is seen by 56 respondents and no effects by nine. Five did not estimate.

Labor law reform

As business looks ahead to at least four years of a Nixon Administration, serious thinking is going into what should be done about labor law reform during the period. (See "Will Unions Lose Their Political Grip," page 24.)

Here's what leaders of some of the largest companies in the United States say:

M. J. Warnock, chairman of the board of Armstrong Cork Co., Lancaster, Pa.: "Labor law reform should be aimed at curbing the growing monopolistic economic and political power of the labor movement. Implicit in this statement: Outlawing coalition bargaining; mandatory representation elections in selection of bargaining agent; restrictions comparable to those imposed on corporations as to political contributions and activities, and limiting the NLRB decisions to interpretation, not the extension of existing labor laws."

Earl E. Conlin, executive vice president of Ex-Cell-O Corp.: "Greater responsibility particularly in the area of public service with provisions to avoid strikes except in extreme situations. Also a check on amounts of rate increases to avoid accelerating inflation."

W. F. Wheeler Jr., chairman and president, American Chain and Cable Co., New York: "Labor law is not in need of substantial reform as it stands. Its administration, however, has been in the hands of very biased individuals and their replacement should be a first priority matter."

E. Hornsby Wasson, chairman of the board, Pacific Telephone & Telegraph Co., San Francisco: "Make unions subject to antitrust laws."

Carl A. Gerstacker, chairman of Dow Chemical Co., Midland, Mich.: "Freeze all wages."

E. L. Molloy, president, R. H. Macy & Co.: "Reform the NLRB to obtain even-handed administration, or transfer jurisdiction over unfair labor practice cases to federal courts. Proscribe use of cards in lieu of secret ballot election in representation cases. Minimize government intervention in labor disputes. Outlaw 'coalition' bargaining."

Alfred C. Fuller, chairman of the Fuller Brush Co., Hartford, Conn.: "Outlaw strikes against all units of government, or where it interferes with general public welfare, including industrywide strikes."

Delbert L. Roskam, president of Cessna Aircraft Co., Wichita, Kans.: "The responsibility of labor must be demanded. Industry, government and labor must all be responsible for wage and price stability and our world competitive capability."

R. S. Stevenson, chairman of Allis-Chalmers Manufacturing Co., Milwaukee: "Subject labor unions to antitrust laws."

H. Thomas Hallowell Jr., president and chairman of Standard Pressed Steel Co., Jenkintown, Pa.: "Cut out the ridiculous decisions of the NLRB. Let's get decisions by court actions and not by NLRB whim."

E. L. Ludvigsen, chairman of Eaton Yale & Towne, Inc., Cleveland: "More equality between labor and business."

Birny Mason Jr., chairman of Union Carbide Corp., New York: "The NLRB is administrator, interpreter, prosecutor, judge and enforcer of the provisions of the Labor-Management Relations Act. Far and away the most important reform would be to take the hearing and judgment regarding 'unfair labor charges' from the NLRB to the federal courts. Other important reforms include secret ballot election in all representation cases (no card check-off), amendment of the Norris-LaGuardia law so as to allow courts to issue injunctions against both union or employer for breach of contract; protection of the employers equal right of freedom of speech in dealings with employees, etc. Basically introduction of the check and balance system to labor relations as was provided in the Constitution."

See need for tax changes

On the subject of federal tax reform, which Congress is expected to consider this year, many executives spoke out.

Mr. Mason elaborates on what he

The inflation rate will improve during the first half of 1969, predicts Chairman Ritter Shumway of Sybron Corp. Other executives agree.

PHOTOS: BALDWIN, CHAS. GOULD, BRINSON, SIRKIS—PIX

Henry C. Coleman of Commercial Bank at Daytona Beach likes having a "conservative" in the White House.

would like to see happen: "Alleviate unnecessary and costly compliance requirements which have little effect on total revenue particularly with respect to certain types of income earned by foreign subsidiaries . . . allow ordinary loss deduction on liquidation of a subsidiary at a loss rather than a split between ordinary or capital loss based on arbitrary statutory distinctions not pertinent to the transaction."

Marvin C. Whatmore, president of Cowles Communications Inc., New York, says that tax reform should include dropping the surtax and establishing a maximum individual income tax in the area of 50 per cent.

Four insurance executives urge wide tax reforms.

Victor T. Ehre, president of Utica Mutual Insurance Co., Utica, N. Y., wants a cut in the personal surtax to five per cent late this year while leaving the corporate surtax at 10 per cent.

F. E. Ferguson, president of Northwestern Mutual Life Insurance Co., Milwaukee, wants: General simplification of reporting of taxes, increase in personal exemptions and number of tax brackets and a "coming to grips with effect of value added tax practices and our balance of payments."

T. A. Bradshaw, president of Provident Mutual Life Insurance Co. of Philadelphia, asked for "credit for parents paying for a child's college education and, of course, a general overhaul of the entire federal income tax structure." But, he adds, "This is too much to hope for."

R. E. Roberson, president of American Mutual Liability Insurance Co., Wakefield, Mass., calls for "a complete review and restructuring of our tax system, particularly reforms aimed at taxing all income regardless of source."

Scores of businessmen call for ending the surtax and for tax simplification.

E. Andrew Deeds II, president of Northern Airways, Inc., Burlington, Vt., coupled this with a plea for "higher tax credits for new business investment and growth."

Rowland O. Wilhelm, vice president of the Madison Fund Inc., Wilmington, Del., wants tax reform to provide more stress on incentive tax programs for both individuals and corporations.

NATION'S BUSINESS also asked: "What do you think will be the principal new, or different, trends in business in 1969?" and got an outpouring of opinions, hopes and fears.

James R. Carter, president of Nashua Corp., an information technology company in Nashua, N. H., said there would be increased intensity "of the cost-price squeeze with small opportunity to pass on increased costs."

The "new" goal should be "a sincere effort to stop inflation," wrote William A. Flint Sr., chairman of the board of A. W. Flint Co., Inc, ladder manufacturers of New Haven, Conn.

Coming developments will include these, survey respondents wrote: Increased social responsibilities of business in additional areas; reduction in the rate of growth in defense spending; slower over-all rise in government spending; learning to live in a less-than-booming economy without calling for government assistance when pinches develop; smaller but healthier growth rate; emphasis on expanding foreign trade; less harassment of business by government; more research and development to accelerate sales.

Major problems

Seeking to put a finger on great problems facing the nation on the economic front, NATION'S BUSINESS asked for opinions. Here are some of the problems outlined:

Alfred J. Stokely, president of Stokely Van Camp, Inc., food processors, Indianapolis: "Our declining favorable trade balance. This is due to extremely high wage rates in the U.S.A."

L. B. Hunter, vice president-administration of Inland Steel Co., Chicago: "Keeping competitive, not letting wage increases outrun productivity increases."

John W. Dixon, vice president of corporate plans for Ling-Temco-Vought, Inc., Dallas: "The attainment of a satisfactory rate of economic growth within the over-all limits of acceptable inflation remains the major economic problem. It will improve in 1969." From Robert G. Dunlop, president of Sun Oil Co., Philadelphia: The nation's principal economic problem has been to contain the rapidly rising price level. At long last, even though the problem will probably not be solved, it will, in 1969, respond materially and favorably to the taxing and spending actions taken in 1968."

E. B. Hathaway, president of Firestone Tire & Rubber Co., Akron, believes that racial troubles tied to urban decay may get worse before getting better. However, he does see some hopeful signs of improvement.

Railroader William B. Johnson, president of the Illinois Central Railroad Co., sees inflation as the main troublemaker. Here again, the respondent shows optimism when he adds, "Should abate somewhat in 1969. Do not believe it will cease entirely. Probably will remain at around two per cent."

This opinion is voiced in much the same way by General Electric Co. which submitted a consensus of company officials.

Three others who agree are: Robert W. Hartwell, vice president and controller of Detroit Edison Co.; Richard T. Crowder, manager of economic analysis for Wilson Co., Inc., Chicago meat packers and processors; F. Ritter Shumway of Rochester, N. Y., chairman and chief executive officer of Sybron Corp.

Robert P. Gerholz, president of Gerholz Community Homes, Inc., Flint, Mich., has a different opinion: "Inflation is destined to get worse before it gets better because costs of goods and services affecting prices were built into the system."

Further corrections in our balance of payments and our weakened trade position were listed among our three or four greatest problems by nearly one fourth of the respondents.

Proctor W. Houghton, president of Houghton Chemical Corp., Boston, points out that "Viet Nam's enormous expense and its effect on the balance of payments is becoming a major economic problem, so far insufficiently aired. It doesn't seem possible that our leadership will not find a way out."

Moving into another area C. V. Martin, president of Carson Pirie Scott and Co., Chicago, writes that he has "an uneasy feeling that there is too much 'speculation' in the equity market—both off and on the formal exchanges—and the continuing concentration of economic power to conglomerates. . . ." **END**

NIXON AND THE NEW WASHINGTON

A great many things about Washington and the federal government have not changed in the 2,922 days since Richard M. Nixon was last on the federal payroll.

The Washington Senators and Redskins are still losing ball games.

George Meany, Richard B. Russell and J. Edgar Hoover are still powers in, respectively, the AFL-CIO, the United States Senate and the FBI.

The Post Office Department still gets the mails through, at least most of the time. The Pentagon, as usual, spends most of the money that Internal Revenue collects. And the State Department, still resting in Foggy Bottom, continues to have some foggy notions about what's going on in the world.

And there astride a rearing horse in Lafayette Park, old Andy Jackson can be seen from the windows of the White House waving his hat at all Presidents who have come after him.

But not all things are intransigent and invariable in Washington. When, on Jan. 20, Richard Nixon hangs his hat in the White House, he will be the chief of a vastly changed country existing in a vastly different situation than the one he left on a frigid, snowy day in 1961.

Mr. Nixon left Washington at the end of the Eisenhower Era, a particularly tranquil period when protesters were rarely heard and the names of Watts, Detroit, Chicago, Newark, Rochester and a hundred other riot cities did not conjure up views of looting, burning, and lawbreaking. The riots even came to Washington last April. If someone had dashed into the White House and told Gen. Eisenhower and Mr. Nixon that American citizens were trying to burn the capital city, starting just a few streets away from the White House, the fellow would have been thought mad.

John F. Kennedy and Lyndon B. Johnson poured out billions of dollars on educational, welfare and work schemes partly to try to head off rioting. Mr. Nixon has said he will continue many of these programs but at the same time put emphasis on creating black entrepreneurs.

The Viet Nam war had actually begun when Mr. Nixon left Washington, although it was still little more than an ugly murmur in faraway Asia. Mr. Nixon comes back with Washington now a war capital.

The first few hundred "advisers" dispatched to Viet Nam by Gen. Eisenhower in the late 1950's now have increased to 570,000 military men. Our death toll reached 30,000 just before the end of the year which is only 3,000 short of American dead in the Korean War.

During the eight years Mr. Nixon alternated between being an unsuccessful candidate for the California governorship, a Wall Street lawyer and a candidate for the Presidency, the United States spent nearly a quarter of a trillion dollars on the Viet Nam effort. Three per cent of the nation's total production now goes to pay for the Viet Nam war.

Now there are loud demands that Mr. Nixon end the war on honorable terms and disengage the United States from the Asian continent.

To accomplish this, as well as other things promised during the campaign, Mr. Nixon must work with a Democratic Congress. This is nothing new for him. As Vice President he presided over the Senate and worked with an opposition-controlled Congress.

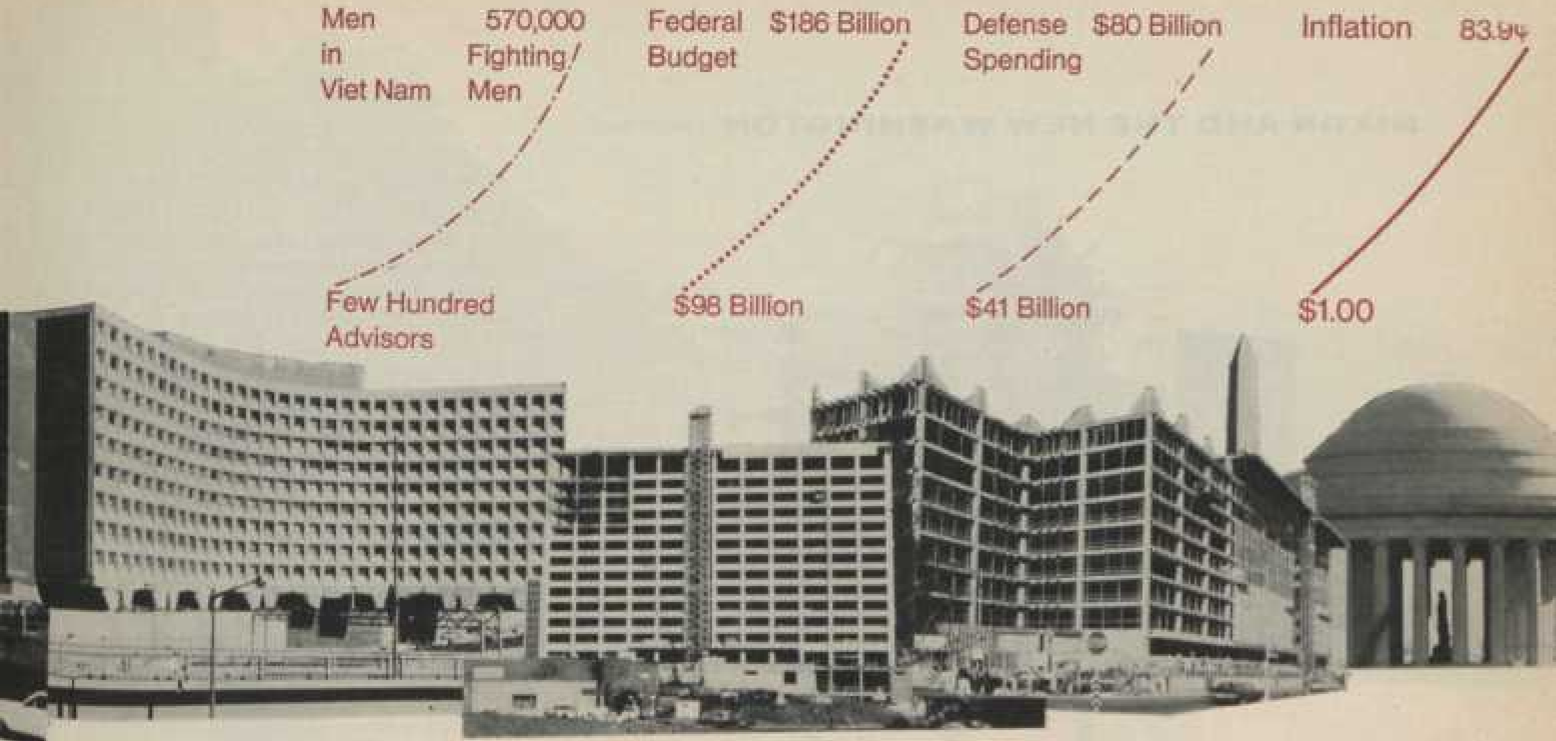
Congress today

Congress is somewhat more conservative now than it was in 1959-60, so it shouldn't be too far off the Nixon line. He has 42 G. O. P. Senators and 14 others who make up the Southern Democratic wing as potential supporters. Some of these Southerners vote with Republicans only in fiscal matters while others agree with Mr. Nixon's party a majority of the time.

Over in the House Mr. Nixon has 192 G. O. P. Representatives and the potential help of 47 dissident Southern Democrats on some measures.

Sen. Robert C. Byrd, Democrat of West Virginia, who is third-ranked in the majority leadership, says the Washington Mr. Nixon comes back to is "almost a different world" from the one he left. "There's a new set of circumstances, new problems facing the nation."

He estimates that "the Demo-



cratic leadership will support programs where those programs are considered worthwhile." Any President, he said, usually enjoys rapport with the Congress at the start of an Administration.

Inflation rocketed under President Johnson after being fairly well in check under President Kennedy. The spur of Viet Nam spending lighted the fuse. In broad terms what you pay $1.23 for now, cost $1 when Mr. Nixon was last in town.

Congressional leaders expect Mr. Nixon to spend much of his time fighting inflation. Costly federal programs of marginal value likely will be reduced.

The role and power of the 50 states has steadily declined since the days of Franklin D. Roosevelt. But this trend will probably end under Mr. Nixon.

He's no states-righter, but he believes the federal government is doing some things the states should be doing.

Bigger and costlier

Everything involving the federal government has become more complicated, bigger and more expensive.

Mr. Nixon takes over when the gross national product totals more than $860 billion. When he left Washington it was $520 billion. The national debt is now $355 billion, a figure thought to be unsustainable as recently as 20 years ago. This includes a $65 billion increase during the eight years Mr. Nixon was in the political wilderness.

The last federal budget laid out by the Eisenhower-Nixon Administration was for $80 billion. Mr. Nixon comes back to a $186 billion budget. However, the 1961 budget would have been $98 billion had budgets in those days been computed as they are today. Budgets today include multibillion dollar trust fund accounts, such as social security.

National defense spending planned for 1961 was $43 billion. Today, the plan is to spend nearly $80 billion for defense. Looking ahead, Mr. Nixon has indicated he will increase defense spending by about $10 billion as he increases the U. S. missile capability, restarts research programs which were discontinued or slowed under the Johnson Administration and brings in new weapons systems.

Mr. Nixon's plan to give tax incentives to businesses moving into Negro areas is not universally favored. Wilbur Mills of Arkansas, chairman of the tax-writing House Ways and Means Committee, is luke warm to them. So Mr. Nixon has a tussle on his hands.

Eight years is not long in the full sweep of history. But it has been in recent American political history. During the 1961-69 period, which Republicans consider "The Interregnum" between Gen. Eisenhower and Mr. Nixon, the Democratic-controlled government took a bigger hand in regulating commerce, from pollution to consumer finance. It expanded social security, civil rights, welfare. It started programs for the poor, education, expanded food and drug standards, water conservation, built parks and emphasized attracting foreign travelers to the United States.

Under President Johnson, Congress churned out laws that broke new ground, reaffirmed controls and expanded the powers of the ever-growing federal government.

Congress was so busy that James L. Sundquist of the Brookings Institution has written: "The agenda (of ideas) of the 1950's has been swept clean." The problem now facing Mr. Nixon is "knowing what to do. The nation has yet to define new goals and new means for achieving old goals. The country is in the period of pause that marks the return swing of the pendulum toward the beginning of a new cycle."

Mr. Nixon has indicated many times that his first love is foreign affairs. He believes nations are closely interrelated. This contrasts with President Johnson. With the exception of Viet Nam, he has ranked foreign affairs third, behind domestic and fiscal problems.

Soviets stronger

Eight years ago the Mediterranean was an American lake and we had stable relations with the Arab world. Today, a 50-ship Soviet fleet works out of bases in Egypt and

Syria while a deluxe base in Algeria may become available soon to the Soviets.

NATO was chased out of France during the Johnson Administration and little was done to prevent it. The United States took major steps without consulting its NATO allies. Canada was on the verge of leaving NATO and Washington made few moves to dissuade her. Five NATO nations—including the United States—subtracted troops from forward garrisons in West Germany.

Now, Mr. Nixon says things will be different. Congress and our allies are expected to agree. The Soviet invasion of Czechoslovakia and the decline of East-West relations into The Chilly War have stiffened spines all the way from Capitol Hill to Turkey, on one end of NATO's shield, and to the frozen cape of Norway on the northern end.

The United Nations, too, has withered since 1960. The last U. S. delegation to the UN was not of the caliber of the powerful groups sent to New York by Presidents Truman, Eisenhower and Kennedy. The UN is not the organization it was in the days when Nikita Khrushchev himself appeared and rapped on a UN desk with his shoe to the embarrassment of President Eisenhower and other civilized leaders.

UN member nations now number 126, since 12 new ones—mostly Black African—have been admitted in the last eight years.

Government employees increased under the Democrats. On that snowy day in January, 1961, when Mr. Nixon watched John F. Kennedy sworn in as President instead of himself, there were 2,368,774 government workers. Gen. Eisenhower had trimmed the rolls down from 2,532,000. Today there are over 2,940,000.

The payroll Mr. Nixon must meet has almost doubled—from $1,163,996,661 to just short of $2.1 billion.

This won't come as good news to Mr. Nixon who believed that newsmen were unfair to him, but the number of writers, editors and broadcasters in Washington is now about 800 more than it was when Mr. Nixon left. The city now boasts about 4,000 newsmen.

In January, 1961, 6.6 per cent of the labor force, 4.7 million Americans, were out of work. Unemployment is now down to 3.6 per cent, or 2,852,000 Americans.

Two new Cabinet-ranked departments indicate increased size and scope of government since 1961. The Departments are Housing and Urban Development with 14,559 employees and Transportation with 57,929. Both were created largely by using government workers formerly assigned to small agencies or commissions. But each has enlarged itself and expanded its horizons.

Plugging the gold drain

The drain on the American gold supply and imbalance in international payments started before Gen. Eisenhower packed up and went to Gettysburg. Only in recent months are there indications that the now critical situation may be correcting itself. Eleven years ago the United States had some $22 billion dollars worth of gold to back our currency. Since then we have lost an average $1 billion a year. We no longer back one of every four dollars with gold. Mr. Nixon could be called upon early in his Administration to prescribe medicine to further stem the international payments drain.

One Johnsonian attempt to staunch the outflow of dollars may face liquidation: The controls over money sent abroad by U. S. companies for investments.

The judicial branch was swinging toward a more liberal stance before Mr. Nixon left Washington. It has accelerated headlong in that direction. Mr. Kennedy appointed Associate Justice Byron White who turned out to be more conservative than anyone expected. But Mr. Johnson appointed Associate Justices Arthur Goldberg, Abe Fortas and Thurgood Marshall.

These three gave the court a distinct leftward list because they joined previously appointed Justices who usually lean the same way. They are Chief Justice Earl Warren, Justices William O. Douglas, William J. Brennan Jr. and Hugo L. Black.

Due to the advanced age or ill health of Chief Justice Warren and Justices Black, Douglas and John Harlan, Mr. Nixon may name four or five Justices in the next four years. A "Nixon Court" could result.

How HEW has grown

Of all major government departments, none has changed more or grown faster than Health, Education and Welfare, which was started by Gen. Eisenhower soon after he and Mr. Nixon took office 16 years ago.

Mr. Nixon finds, as he returns to Washington, 12 million students under the three-year old Elementary and Secondary Education Act. Federal funds for education tripled between 1963 and 1968 and now total $10.8 billion yearly.

Back in the Eisenhower-Nixon days funds were about $1 billion.

Forty-five million students, ranging from pre-school age to graduates, have come in for some form or another of aid from Uncle Sam.

Medicare and medicade did not

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Thinking of building: Immediately ☐ Future ☐ Size________

exist eight years ago. Today 20 million elderly Americans are under the 1966 medicare program and 95 per cent of eligible persons are enrolled. Total benefits equal about $8.5 billion a year to eight million recipients.

Medicade covers 7.8 million people in 38 states, Puerto Rico, Guam and District of Columbia.

Social security, another HEW domain, has increased enrollment by 35 per cent since Mr. Nixon's Vice Presidential days. Twenty-four million Americans now get social security checks monthly. In 1961 social security benefits were $11.8 billion yearly; now they total $27 billion.

Social security taxes have climbed almost to the point of being prohibitive, some experts say.

Both the Department of Justice and the National Labor Relations Board have a more anti-business bias.

The Justice Department in recent years has initiated more antitrust cases and interfered with many proposed business mergers. Record numbers of suits were brought and, according to Justice, many other cases were settled out of court. The Department also claims it forced many companies to call off mergers by threatening court action.

Mr. Nixon will encounter an NLRB unlike the one he left behind in 1961, but much like the one he knew when he first came to Washington as a young Congressman. It's one that's condemned by businessmen as unconscionably pro-union.

During the last days of the Eisenhower Administration, some union leaders were calling the NLRB promanagement. But that quickly changed when President Kennedy took over and began putting union-approved men on the Board. Some claim that decisions and actions of today's NLRB are more biased in favor of unions than those of any Board in its 35-year history.

The Department of Labor is the union's voice in government.

Old traditional industrial unions are no longer as powerful as they once were. Assuming their muscular roles are white-collar unions of teachers and government workers. Within their ranks are many of the militants of the day. Unions still exert strength at the polls and no one knows this better than Richard Nixon. In the final three weeks of the Presidential campaign, unions managed to swing hundreds of thousands of labor votes from George C. Wallace to Hubert H. Humphrey.

The Post Office Department is bigger than ever. Mail pouches grow fuller by the day. One item Mr. Nixon and his Postmaster General must give close attention is the proposal to turn the mails over to a government corporation which would run the Department as something nearer to private enterprise. This proposal may come up for decision soon.

Mr. Nixon inherits a federal establishment that has been engaged in the mystic art of fine tuning the economy—both to speed it up and hold it back. Taxes have been lowered then raised to step up or slow down the pace of the economy. And budget deficits have fueled an inflation higher than any since the Korean War. America's inflation has contributed heavily to the international monetary crises.

Much of the Treasury's action in recent years has been under the aegis of "The New Economics." How much of it Mr. Nixon will retain remains to be seen.

Recently historic steps have been taken in international monetary affairs.

The Western nations have approved Special Drawing Rights, SDRs, which should take pressure off the dollar in international trading. This, in effect, puts IOU's into the international money system instead of greenbacks. We now have a two-tier system for gold under which its price is anchored at $35 an ounce for monetary exchange but not fixed in private markets.

Since 1961, eight million more American families have reached a yearly income of $10,000 or more. Some 14.5 million families are now in that bracket—more than twice as many as in 1961.

Unfortunately, inflation has stripped that achievement of much of its meaning. Today's $10,000 is worth only $8,500 in 1961 dollars.

Nearly half of today's $10,000 a year families—45 per cent—reached that level only because both husband and wife work.

However, Americans are better fed, better clothed and better housed by and large than eight years ago.

Not the same neighborhood

Mr. Nixon's housing will have improved, too.

He used to live at 4308 Forest Lane, a charming Tudor-style house on a quiet cul-de-sac which backs up to a suburban park in Washington's Wesley Heights. It has beamed ceilings, tiled floor in the dining room and a gracious den.

His new home, the White House, has few equals in comfort, space and graciousness.

But like downtown residences in most cities, the White House is no longer in an ideal neighborhood. Mr. Nixon had best not try to take any Harry S. Truman-type walks through Washington at night.

The first change seen by the President will be the new limousine he will ride down Pennsylvania Avenue in the inaugural parade.

No other incoming President ever had such a vehicle.

Ford Motor Co. built the 21-foot Lincoln Continental with security in mind and the assassination of President Kennedy in memory. The auto is bombproof, the bubbletop is bulletproof, and the car has two-way communications systems and a public address system. The center section of the roof can be removed when the President wishes to stand and greet the crowds.

Actually, it is a fancy, high-speed, highly polished tank.

Mr. Nixon's new vehicle is another visible indication of how turbulent the times have become since he left Washington eight years ago.

END

IF WE WANT REAL TAX REFORM...

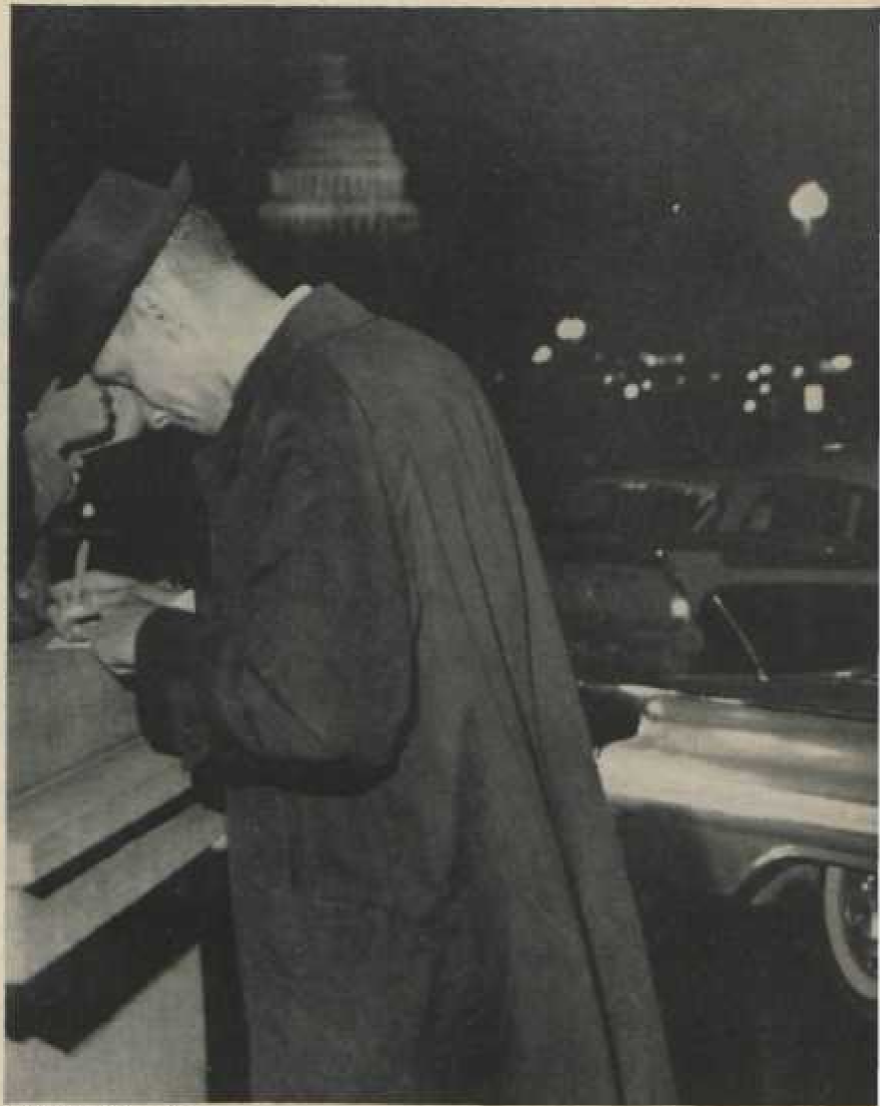


PHOTO: THE EVENING STAR

If they knew how unfair our federal income tax system is, many of the

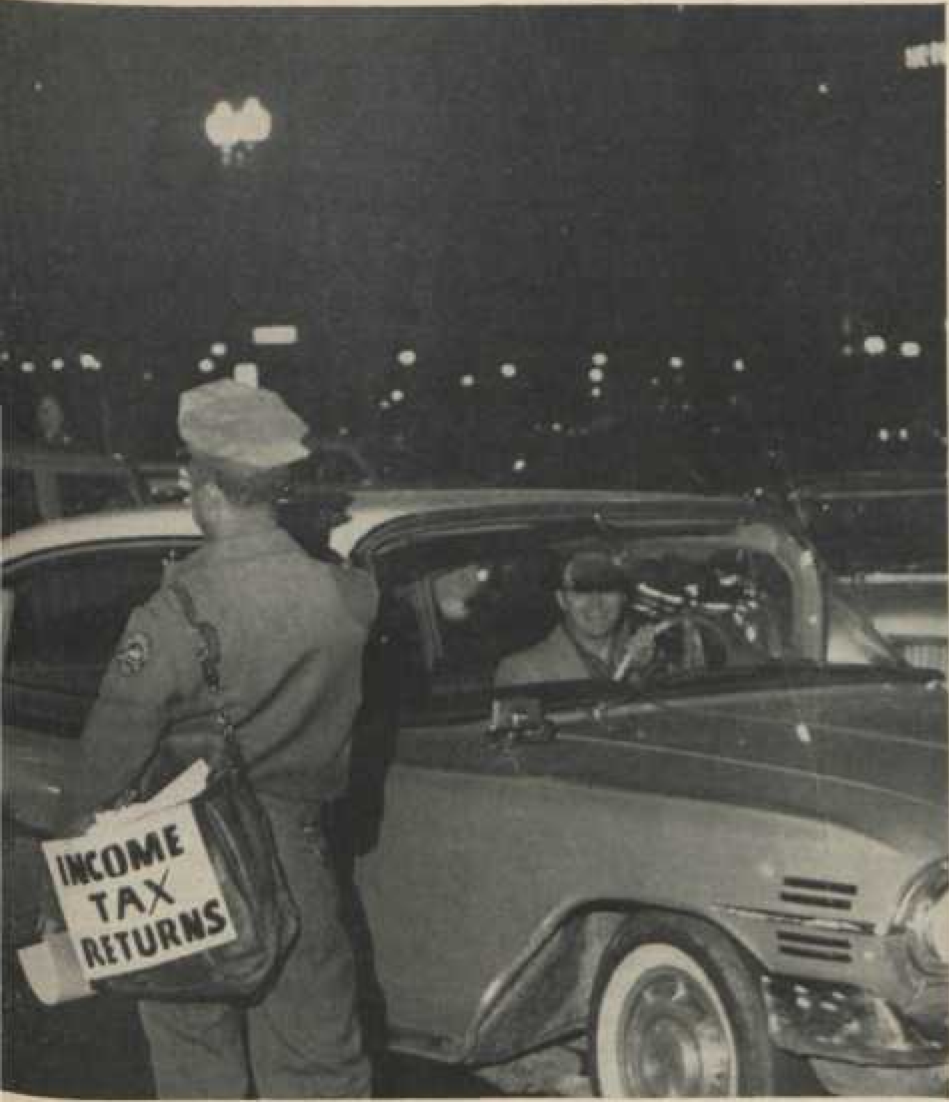
Over and above tax proposals likely to be made by the new Administration, here are huge inequities of our tax system seen in the broad view by one authority—Harley L. Lutz, professor emeritus of public finance, Princeton University.

A chorus of politicians, economists and laymen have come to think our progressive income tax rates, supposedly based on the ability to pay, is justice itself.

The fact is, federal progressive taxation falls miles short of being fair or just. In addition, it tempts the budgeteer and central planner into daring excursions to regulate the economy and redistribute wealth.

With the prospect of a great debate over the extension of the tax surcharge as well as mounting criticism over so-called tax loopholes and tax administration, it is time to take a cold look at the whole concept of progressive taxes, the keystone of American taxation.

The history of income tax rates suggests that Americans must have a fuzzy, or a very elastic, notion of equity. The top rate of tax and the



Americans who now pay without a squawk would demand basic changes.

income level at which that rate is imposed have varied widely since the income tax became law in 1913.

In 1964 the top rate was reduced from 91 per cent to 70 per cent, yet certainly there was no outburst of popular indignation to indicate violation of a goal of equity. Undoubtedly there would be expressions of delight rather than dismay if the rates were reduced again.

There is no scientifically correct scale of progression to serve as a focal point for the supposed American notion of equity, and about all the idea of progressive taxation seems to mean is that the average American is satisfied as long as there is some progression because he has been told so often that this is taxation according to ability to pay.

The current view, widely held, is that equity requires tax payment in a progressive (an increasingly higher rate of tax as taxable income rises) rather than a proportional relation to income (the same rate on rising income).

Why progressive tax rate's wrong

In this context, ability to pay means possession of income and the power to dispose of it for any purpose. It is true that the recipient of a large income may not need all of it for his personal or family support, but this has nothing to do with the economic arithmetic. He can be compelled to pay more than a proportionate part of his income as a tax, but the only justification rests on some political, moral, sociological or socialist ground, not on ability in the economic sense.

Even if ability to pay increased faster than income—as progressive tax rates suggest—the most logical relationship would be a small relative increase through the lower income range and an acceleration of ability as income rises to its highest levels. That is, say, from $20,000 to $100,000 rather than from $1,000 to $20,000.

From this it would follow that a tax rate scale designed to impose taxes according to this presumed relation of ability to pay to income would provide moderate rates and a slow rise of progression through the lower incomes and a rapid increase as incomes mounted to the higher levels.

The Congressional practice, however, has been exactly the reverse. For simplicity, take the 1966 rates for single persons, which is the basic scale. The single person rates begin at 14 per cent on the first $500 of taxable income and rise to 70 per cent on income above $100,000. This is a spread of 56 percentage points. Half of this spread, or 28 percentage points, added to the initial rate, would be a rate of 42 per cent. This 42 per cent rate is imposed at the taxable income bracket $16,000-$18,000.

In other words, the tax law assumes that ability to pay rises as rapidly through the first $16,000-$18,000 of taxable income as it does through the next $82,000-$84,000 of income up to $100,000.

An example of inequity

Disregard of ability to pay in the federal progressive tax rate scale can be illustrated in another way. Note the tax impact on a given income in the course of a year.

Assume that you have a monthly income of such amount that, after deductions and exemptions, your taxable income is $2,000 a month. You would pay tax in quarterly installments but tax liability would accrue month by month at the following rates:

Month	*Income*	*Per cent rate*	*Tax accrual*
Jan.	$2,000	15.5*	$310
Feb.	$2,000	19	$380
Mar.	$2,000	22	$440
Apr.	$2,000	25	$500
May	$2,000	28	$560
June	$2,000	32	$640
July	$2,000	36	$720
Aug.	$2,000	39	$780
Sept.	$2,000	42	$840
Oct.	$2,000	45	$900
Nov.	$2,000	48	$960
Dec.	$2,000	50	$1,000

**Average of rates on first four brackets.*

So, under this practical illustration of progressive rates, your abili-

ty is assumed to increase steadily and rapidly through the year, although the income flow is uniform month by month. If a rate of 15.5 per cent is a proper levy on the ability indicated by the January income, a rate of 50 per cent on December income, which is the same amount, makes no sense at all. Such tax treatment should shock every American's notion of equity, instead of satisfying it.

The answer of the Treasury and the tax-writing committees of Congress has always been that steep progression for people at the lower part of the income scale is necessary to get the maximum revenue because the bulk of taxable income is in the lower tax brackets.

This is an honest explanation. But it should be accompanied by an equally frank admission that equity had been sacrificed for revenue.

It is generally recognized by lawyers and accountants that much of the controversy between taxpayers and the Internal Revenue Service stems from the progressive rates.

The timing of receipts and expenditures, conversion of ordinary income into capital gain and withholding of dividends to avoid surtax are some of the areas where progression causes argument and litigation. Extensive use of information returns has narrowed the income area where direct investigation of receipts would be necessary and a major field of audit inquiry is deductions claimed. Extreme reliance on the income taxes creates pressure to collect as much as possible and revenue agents sometimes become overzealous in pursuit of extra dollars of tax.

To make taxes fairer

Since the progressive tax system is a source of much controversy and since, as applied, it is a violation of equity, the need for fundamental reform of the basic structure of the income tax eventually will be recognized. In anticipation of this happy event the following two proposals are offered:

- Eliminate progression.

Full consistency in income tax reform would involve complete elimination of tax rate progression and substitution of a flat rate of tax across the board. It could be levied either at one rate on adjusted gross income or at a different rate on net taxable income.

Precedent for the former method is provided by the Federal Insurance Contribution Act. This is the social security tax law under which wages in covered industries, up to a specific level, are taxed at a flat rate without benefit of deductions or exemptions. The wage ceiling and the rate have been raised periodically, but there has never been criticism of this tax on theoretical or practical grounds because of its lack of progression.

Here is a method of collecting a substantial sum that is diametrically opposed to the method employed in raising federal revenue for other purposes. Evidently, this method also satisfies the American's uncertain notion of equity.

- Go back to original pattern.

Another reform option would be reversion to the rate pattern of the 1913 Income Tax Act. This Act put a flat rate of tax on the bulk of taxable income and the large majority of taxpayers. Tax rate progression applied only to the largest incomes at the upper end of the income scale, where it was thought to involve least harm and administrative difficulty.

Not that we should revert to the actual rates of the 1913 Act. But the law did establish a tax rate pattern worthy of serious reconsideration. Some would prefer it over complete elimination of progression for practical reasons.

It retains token progression on the relatively small number of large incomes and the normal rate could be determined by budget needs. The beneficial result would be to avoid excessive taxation of incomes received by both the mass of the workers and by that large group whose managerial and other services in industry, commerce, and the professions are of vital importance to the continued growth of the economy.

Audit of returns would still be necessary but the area and intensity of controversy would be greatly diminished. The temptation to evade would not be so attractive because the tax advantage would be less under a flat rate.

In addition to being a closer approach to genuine equity in taxation, this tax rate pattern would make possible more saving for capital formation, the need for which is world-wide.

Does Washington know best?

We have been well brainwashed into acceptance of the doctrine that government can best develop and improve conditions both at home and abroad and, hence, that expendable resources should be transferred to government through heavy taxation.

Government grants don't encourage a recipient to better his condition. In contrast, the investor must have a return, so this provides a drive to get results.

The seeming ideological bias against individual success and reward, expressed in progressive taxation, has promoted this disastrous shift of dollars from the individual to the government.

We should abandon the idea that government should support the economy and the people and return to the doctrine that the economy should support the people and the government. A necessary step in this reversal is to eliminate the penalizing and corrupting influence of tax rate progression. At least we should relegate it to a minor role, as was done when the income tax started.

The principal objection to these proposals, from the standpoint of the so-called New Economics, is that they would change the income tax back to the status of a levy for revenue and deprive the central planners of a tool for manipulating the economy.

Surely this would be the result of eliminating or greatly minimizing tax progression.

An alleged virtue of our progressive tax system has been that receipts shrink in a business downturn, thereby hastening the time when deficit financing becomes necessary. Under this doctrine budget instability—running in the red—is regarded as a panacea for all economic and fiscal ills.

However, the record of recent years has exposed its fallacy. Deficits and debt have not been cure-alls. And we have not yet become prosperous enough to get rid of huge deficits despite phenomenal economic growth.

The only proper function of income tax, as of all other taxes, is to provide revenue for public use. Tax rate progression hinders this main purpose by tempting the political policy makers into such side trips as managing the economy and redistributing income. Neither is germane to the primary service of governing. **END**

GM

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OFFICIAL TAX CALENDAR FOR 1969

SPECIALLY PREPARED BY THE U.S. INTERNAL REVENUE SERVICE

On or before the dates listed below, you should take the action indicated. Saturdays, Sundays, and legal holidays have been taken into account. The dates shown below for making semi-monthly deposits of income tax withheld and social security taxes and excise taxes do not take into account local banking holidays. If you file your income tax return on the basis of a fiscal year you should make the changes described at the end of this Calendar.

January

DURING THE MONTH you may (unless required to make semi-monthly deposits of withheld income and social security taxes or excise taxes) deposit income tax withheld and employer and employee social security taxes (Form 501), and excise taxes (Form 504)—regardless of amounts withheld or collected—for December 1968, and gain an extension of time in which to file quarterly returns for such taxes, provided such taxes for October 1968 and November 1968 were timely deposited. See February 10.

A CORPORATION which meets certain requirements may elect, at any time during the month, not to be taxed as a corporation for the year 1969.

EMPLOYERS should give their employees Copy "B" and Copy "C" of Form W-2 as soon as possible. See January 31.

January 2

EXCISE TAXES due on sugar and foreign insurance policies for the first 15 days of December must be deposited if the liability for all taxes reported on Form 720 exceeded \$2,000 for any month during the quarter ended September 30, 1968. Use Form 504.

January 6

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the last 16 days of December if they were liable for such taxes in excess of \$2,500 for any month during the quarter ended September 30, 1968. Use Form 501.

EXCISE TAXES collected during the last 16 days of December must be deposited by persons providing communication or air transportation service if they were liable for more than \$2,000 of all taxes reported on Form 720 for any month during the quarter ended September 30, 1968. Use Form 504.

January 10

EMPLOYEES receiving cash tips in December of \$20 or more must report them to their employer. Form 4070 may be used.

January 15

INDIVIDUALS must pay the balance due on their 1968 estimated income tax, or in lieu thereof, file an individual income tax return (Form

1040) on or before January 31 and pay the full amount of the tax due for 1968. See January 31.

FARMERS AND FISHERMEN may elect to file declaration of estimated income tax (Form 1040-ES) for 1968 and pay estimated tax in full, and file 1968 income tax return (Form 1040) by April 15. If declaration of estimated tax is not filed, see February 17.

EXCISE TAXES for the last 16 days of December on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended September 30, 1968. Use Form 504.

January 20

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the first 15 days of January if they were liable for such taxes in excess of $2,500 for any month during the quarter ended December 31, 1968. Use Form 501.

EXCISE TAXES collected during the first 15 days of January must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended December 31, 1968. Use Form 504.

January 31

INDIVIDUALS should file an income tax return for 1968 and pay the tax due, if the balance due on their 1968 estimated income tax was not paid by January 15. Use Form 1040. Farmers and fishermen, see February 17.

EMPLOYERS give every employee Copy "B" and Copy "C" of Form W-2 showing the income and social security information.

EMPLOYERS of 4 or more individuals on at least 1 day of each of 20 weeks in 1968 must file a return and pay the Federal unemployment tax. Use Form 940.

EMPLOYERS file reconciliation of income tax withheld from wages transmitting Forms W-2, Copy "A." Use Form W-3.

EMPLOYERS file Form 941 for income tax withheld and social security taxes for the 4th quarter of 1968 and pay any taxes due. If the quarterly tax liability as shown on the Form 941 (reduced by any monthly or semimonthly deposits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 501. If the taxes were timely deposited, see February 10.

MANUFACTURERS, RETAILERS, AND OTHERS file quarterly excise tax return for the 4th quarter of 1968 and pay the tax. Use Form 720. If the quarterly excise tax liability as shown on Form 720 (reduced by any monthly or semimonthly deposits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 504. If the tax was timely deposited, see February 10. Persons providing communication or air transportation service, see February 28.

EXCISE TAXES for the first 15 days of January on articles reportable on Form 720 (other than air transportation, communications, sugar and foreign insurance policies) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended December 31, 1968. Use Form 504.

PAYERS AND NOMINEES give annual statements to recipients of certain dividend and certain interest payments aggregating $10 or more.

GRANTORS, TRANSFERORS, OR TRANSFER AGENTS file Form 4067 and Form 3921 or 3922 relating to options granted or exercised, and transfers of option stock.

February 3

EXCISE TAXES due on sugar and foreign insurance policies for the first 15 days of January must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended December 31, 1968. Use Form 504.

February 5

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the last 16 days of January if they were liable for such taxes in excess of $2,500 for any month during the quarter ended December 31, 1968. Use Form 501.

EXCISE TAXES collected during the last 16 days of January must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended December 31, 1968. Use Form 504.

February 10

EXTENDED DATE FOR QUARTERLY RETURNS:

EMPLOYERS who made timely deposits of income tax withheld and social security taxes due for the 4th quarter, 1968, file 4th quarter return. Use Form 941.

MANUFACTURERS, RETAILERS, AND OTHERS who made timely deposits of all excise taxes due for the 4th quarter, 1968, file 4th quarter return. Use Form 720.

EMPLOYEES receiving cash tips in January of $20 or more must report them to their employers. Form 4070 may be used.

February 17

EMPLOYERS liable for income tax withheld and social security taxes in excess of $100 for the month of January, who were not required to make semi-monthly deposits, must deposit such taxes with a depositary. Use Form 501.

FARMERS AND FISHERMEN who did not elect to file declaration of estimated tax for 1968 on January 15 should file final income tax return (Form 1040) for 1968.

EXCISE TAXES for the last 16 days of January on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended December 31, 1968. Use Form 504.

February 19

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the first 15 days of February if they were liable for such taxes in excess of $2,500 for any month during the quarter ended December 31, 1968. Use Form 501.

EXCISE TAXES collected during the first 15 days of February must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended December 31, 1968. Use Form 504.

February 28

ALL BUSINESSES must file annual

OFFICIAL TAX CALENDAR FOR 1969 *continued*

information returns covering payments made in 1968 of certain dividends and certain interest aggregating $10 or more. Also include payments of rents, royalties, annuities, pensions, and other fixed or determinable income (including interest not subject to the $10 reporting requirement) totaling $600 or more. Use Forms 1096 and 1099, 1099M or 1087.

SUPPLIERS OF COMMUNICATION OR AIR TRANSPORTATION service file quarterly excise tax return for 4th quarter of 1968 and pay tax. Use Form 720. If the quarterly excise tax liability as shown on Form 720 (reduced by any monthly or semimonthly deposits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 504.

MANUFACTURERS, RETAILERS, AND OTHERS liable for more than $100 of excise taxes for January, who were not required to make semi-monthly deposits, must deposit such taxes with a depositary. Use Form 504.

EXCISE TAXES for the first 15 days of February on articles reportable on Form 720 (other than air transportation, communications, sugar and foreign insurance policies) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended December 31, 1968. Use Form 504.

March 3

EXCISE TAXES due on sugar and foreign insurance policies for the first 15 days of February must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended December 31, 1968. Use Form 504.

March 5

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the last 13 days of February if they were liable for such taxes in excess of $2,500 for any month during the quarter ended December 31, 1968. Use Form 501.

EXCISE TAXES collected during the last 13 days of February must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended December 31, 1968. Use Form 504.

March 10

EMPLOYEES receiving cash tips in February of $20 or more must report them to their employer. Form 4070 may be used.

March 17

CORPORATIONS must file a 1968 income tax return, Form 1120, or application for extension, Form 7004, and pay to a depositary at least 50% of balance of tax still due. Use Form 503.

CORPORATIONS which have elected not to be taxed as corporations must file Form 1120S.

EMPLOYERS liable for income tax withheld and social security taxes in excess of $100 for the month of February, who were not required to make semi-monthly deposits, must deposit such taxes with a depositary. Use Form 501.

EXCISE TAXES for the last 13 days of February on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended December 31, 1968. Use Form 504.

March 19

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the first 15 days of March if they were liable for such taxes in excess of $2,500 for any month during the quarter ended December 31, 1968. Use Form 501.

EXCISE TAXES collected during the first 15 days of March must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended December 31, 1968. Use Form 504.

March 31

MANUFACTURERS, RETAILERS, AND OTHERS liable for more than $100 of excise taxes for February, who were not required to make semi-monthly deposits, must deposit such taxes with a depositary. Use Form 504.

EXCISE TAXES for the first 15 days of March on articles reportable on Form 720 (other than air transportation, communications, sugar and foreign insurance policies) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended December 31, 1968. Use Form 504.

April

DURING THE MONTH you may (unless required to make semi-monthly deposits of withheld income and social security taxes or excise taxes) deposit income tax withheld and employer and employee social security taxes (Form 501), and excise taxes (Form 504)—regardless of amounts withheld or collected—for March, and gain an extension of time in which to file quarterly returns for such taxes, provided such taxes for January and February were timely deposited. See May 12.

April 1

EXCISE TAXES due on sugar and foreign insurance policies for the first 15 days of March must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended December 31, 1968. Use Form 504.

April 3

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the last 16 days of March if they were liable for such taxes in excess of $2,500 for any month during the quarter ended December 31, 1968. Use Form 501.

EXCISE TAXES collected during the last 16 days of March must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended December 31, 1968. Use Form 504.

April 10

EMPLOYEES receiving cash tips in March of $20 or more must report

them to their employer. Form 4070 may be used.

April 15

INDIVIDUALS must file an income tax return for the calendar year 1968. The tax due must be paid in full with the return when filed. With this return, Schedule "C" must be filed, (Schedule "F" for farmers) and, in addition, Schedule "SE" must be completed in order that you may receive proper social security credit for self-employment income. Use Form 1040.

INDIVIDUALS must file a declaration of estimated income tax (including self-employment tax) for 1969, and pay at least 25% of such tax. Use Form 1040-ES.

PARTNERSHIPS must file a return of income for the year 1968. Use Form 1065.

CORPORATIONS must pay 25% of their 1969 estimated income tax to a depositary. Use Form 503.

EXCISE TAXES for the last 16 days of March on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended December 31, 1968. Use Form 504.

April 18

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the first 15 days of April if they were liable for such taxes in excess of $2,500 for any month during the quarter ended March 31, 1969. Use Form 501.

EXCISE TAXES collected during the first 15 days of April must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended March 31, 1969. Use Form 504.

April 30

EMPLOYEES file Form 941 for income tax withheld and social security taxes for the 1st quarter and pay any taxes due. If the quarterly tax

(Continued on page 54)

TREATING PEOPLE AS INDIVIDUALS

An interview with E. Claiborne Robins of A.H. Robins Co., who parlayed $4,800 drug firm into $100 million world-wide enterprise with the help of the Golden Rule in his relationships with people

When pharmacist A. H. Robins, not long out of the Confederate Army, opened his small apothecary shop at the corner of Second and Marshall Streets in Richmond, Va., the location prompted him to remark to a friend:

"My business is halfway between the penitentiary and the poorhouse. But I hope to stay out of both."

A half century later, when his grandson E. Claiborne Robins, fresh out of pharmacy college, joined the family business in the depths of the Depression, conditions had not changed perceptibly.

In 1933 the A. H. Robins Co. chalked up gross sales of $4,800. Young Claiborne Robins' mother had struggled to keep the business alive during the 20 years following her husband's premature death. For the third generation Robins the outlook was hardly a hopeful one.

Claiborne Robins accepted the challenge, nurtured the company through lean years, and fought to achieve the American dream. In 1967, A. H. Robins topped $100 million in sales.

Despite the fact the company went public in 1963, the Robins family continues to own majority interest in the firm.

As a drug manufacturer, Mr. Robins is finding it more and more difficult to head up an industry which is under heavy fire from Congressional investigators and faces mounting federal regulation. Last year he was elected chairman of the Pharmaceutical Manufacturers Association to act as official spokesman for the embattled drug industry. It was the first time a "small" pharmaceutical manufacturer was so honored.

In this interview with a NATION'S BUSINESS editor Mr. Robins tells of some of these problems with the government and relates a personal success story.

Mr. Robins, to what do you attribute your company's success?

Good people. I don't think any company can grow dramatically unless it has top people.

You have a reputation for sticking by your people, as well as for them sticking by you. How did your get this good relationship going between you and the employees?

It perhaps sounds corny but I suppose it is not anything but the old principle of the Golden Rule. When we have a problem or a question, we always like to think about it from two sides: our side and the other side. The answer probably comes somewhere in between.

As I understand it, the business actually might have gone under if it hadn't been for your mother. Is that true?

That is right. My father died rather suddenly at the age of 39. The business had just begun to be-

come established. I was two years of age at the time and she carried on the business as best she could. Of course she knew nothing about the business but she did a beautiful job of hanging on from 1912 to 1933.

The drug industry has been under fire for some time now, principally in Congress. What is behind all this?

Of course I suppose it depends on the viewpoint but there very definitely is political background to a great deal of this. Some of our most vocal critics, I think, are using this as a means of getting elected. This is one thing that is back of it.

Then there is this great interest today in anything pertaining to medical care. The government is buying more and more drugs. It is naturally seeking to try to get the best possible prices. Unfortunately the thing has gotten mixed up in politics, so that it is very hard to make known the facts.

Are you saying it has become a popular thing to pick on the drug industry and to kick it around?

No doubt about it. Perhaps we were a little slow in the industry in getting our side of the story across. Up until a few years back, we had not had communications with our many publics. We had felt that, because our business was strictly dependent on the doctor and his prescriptions, it wasn't necessary. It was, of course, unfortunate that the industry was so long in telling the true side of our story. But things are changing. The awakening of the industry is very evident now.

What do you mean by a communications gap between the industry and its many publics?

Well, the politicians are one of your publics. The retail drug profession is another. Then you have the medical profession as another one of these publics. And, of course, there is the layman. You have to communicate with all of them.

I think one of the things that causes a great deal of misunderstanding is so few people realize the tremendous risks involved in drug manufacturing. For example, you may test perhaps 6,000 drugs before you come up with one that is worthy of marketing. Then you have a long expensive period of getting it through the federal Food and Drug Administration. You may wait six years and sometimes get turned down.

Let us say you get over these hurdles and finally hit the market with a new product. You put a good deal behind it to promote it in order to make certain that the doctor knows about it. Three months after marketing, someone else produces something better.

And it is all lost?

Yes, either all down the drain or a great bit of it is down the drain. This happened, for example, when the sulfa drugs first came out. There was quite an array of them. Each new one was better than the one before and had certain advantages. The earlier ones just dropped by the wayside and the new ones were picked up because they were superior.

Is it like drilling for oil and hitting a lot of dry holes?

Yes. I have made that comparison many times, as a matter of fact. But let me say this. The dry holes in the oil industry are nothing compared to the dry holes in the pharmaceutical industry.

I don't know what the official figure in the oil industry is, but I understand that you hit about one producing well out of 15. In the pharmaceutical field, as I just said, you may try 6,000 before you succeed, and you have spent some money on each of the 6,000.

We had a product in our company that looked very promising in the early tests. We carried it through various stages. We had approximately $1 million in it when we reached the conclusion that it was good, but not good enough to market because the early promise was not borne out in the final stages.

So we just dropped the whole thing: $1 million down the drain.

This is the sort of thing that the politicians never tell you about.

Mr. Robins, as chairman of the board of the Pharmaceutical Manufacturers Association, what do you see as the drug industry's most difficult role in its dealing with the federal government today and in the future?

To try to get a clearer understanding of what our problems are, to begin with.

It is very simple for someone to sit in Washington and say "Well, now, this is no problem. This can be done." But the very fellow who is saying that has never sat down in Richmond, Indianapolis or wherever. They have never had the experience to know whether it is a problem or not.

I think one interesting thing is that things do change. One of the charges even the Food and Drug Administration was making at one time was that generic drugs are just as good as trademark products in most instances. They set up a study, and when the study came out, this was not so. The position we had taken all along—that trademark products are in general better than generic products—was backed up by the study that Food and Drug did.

We read a great deal about generic as opposed to brand-name drugs. What is the difference and what is the controversy?

The facts are that you may have exactly the same chemical in a generic product as you have in a trade-name product, but it doesn't mean that the action will be the same. There are many things that can affect the beneficial effects of a drug. For example, some tablets don't dissolve as well as others. The other ingredients in a drug can change the action of the drug. One drug may be formulated so that it enters the blood stream faster than the same generic product, for example.

Some critics of the industry are saying that all products are virtually the same. But the evidence is that this is not so.

By the way, how do drugs produced in this country compare with those produced in other countries as far as safety is concerned?

I don't think there is any question that the standards in the United States are as high, if not higher, than any other country in the world.

There are very few countries that have the rigid standards that we do. I am not saying that our system is perfect, but it is certainly the best that I know of.

How do you compare drug discoveries between, say, the American free enterprise system and those in communist countries where there is no profit incentive?

Nothing, for example, has come out of Russia in its entire history. Not a single worthwhile drug. They have been content to adopt—that is another word for "steal"—drugs developed in the West and, of course, they don't pay any roy-

alties or anything. They just take them over.

Aren't there several new areas in which the government has begun regulating the drug industry in recent years?

Yes. For instance, vitamins, prescription drug advertising, fair labeling. These are all new areas. In fact, there is hardly any area where we are not regulated at present.

And you are threatened with still further regulations?

Constantly. For example, if we are going to test a new drug, we have to get approval from Washington before it can even be tested in animals. You have to send the basic information to Washington to get their approval for you to test it.

The government now says very few people need vitamins.

There is quite a bit of dispute among authorities on this. Some authorities feel that vitamins are very important. The government in some cases says "No."

If I want to take vitamins every day, if I feel it helps me and it doesn't do me any harm, I should have the privilege to do so. And if I want to spend money to do it, I should have the privilege.

Is it true that the drug industry spends more of its own money on research than any other industry?

By far. The thing that has made this country a leader in the world is that we have been free to spend the money we wanted to spend to develop new products.

If the government ever tries to put cost control in, it will be a sad day for the American people.

Is it true that research costs are going up and prescription drug prices are going down?

Prescription drugs are, as far as I know, the only commodity that actually has been going down in price. And the only commodity that is taking much less of the medical care dollar.

Why is the industry upset over proposals to fix reasonable cost ranges on drug products going into the federal and state health and welfare programs?

Because the interpretation of what a "reasonable cost range" is varies depending on who is making the judgment. It would vary all over the lot.

If you had people who understood the industry and who knew all of the factors involved, then you might hope to have a reasonable solution to this. But invariably, people who are selected to determine these ranges are folks who have had no practical experience at all.

Mr. Robins, is it true that the government is now checking the effectiveness as well as the safety of drugs?

That is correct. I think that every right-thinking person, including every manufacturer of pharmaceuticals, would agree that there should not be any drugs on the market which are not effective. However, the danger comes in that you get a great deal of conflict of opinion. You can have outstanding medical authorities, on the one hand, who say that this drug is very effective. And you might have another group on the other side who says that it isn't.

The danger here is that you might lose some good drugs if one group happened to be more influential than another group.

When you joined the company right out of school you borrowed $2,000 from a Richmond bank?

That is right.

And lost $500 the first year and made only $100 the second year?

That is right.

Things must have looked pretty discouraging at that point, didn't they?

Well, you know, I was so young at that point, it never occurred to me that it was discouraging and, looking back on it, I am amazed that I wasn't. But it never occurred to me that we could fail. I suppose this is the brashness of youth.

In those early days, your suppliers carried the company when things didn't look very hopeful.

That is right. They did.

And you still have those same suppliers? You still deal with those same suppliers?

Yes, we have many of the same suppliers because we remember those days very well and we have stuck by them. And I might say that our suppliers have stuck by us because there have been times, such as during the war, when some commodities were pretty scarce. We at no time were out of anything because our suppliers stuck by us.

I hear that hardly anyone ever leaves Robins Co. for a better job and that there is a great deal of pride among your people.

I don't say that we don't lose anyone but our turnover is small.

Our people do have a lot of pride in their company.

How do you instill that pride in them?

Well, we feel that people are important and we try to let them know that they are important.

As I indicated earlier, we try to run our business on the same kind of standard that we would like to see it run if we were sitting on the employees' side. We try to be fair in our dealings. We try to be generous but not too generous. After all, we can't afford to give all the profits away, but we do try to be above the industry average in pay. But I don't think pay alone is the answer because anybody can offer more money.

What is the figure? More than 80 per cent of your employees are stockholders?

That is right. This is very high compared with most companies.

You have the reputation of being a "great boss." I understand that you closed the plant and took everybody on a vacation to Cuba one time.

Yes. We did that. In fact, we took several trips.

Is it correct that whenever an employee has a birthday he gets a check and a little card from you and Mrs. Robins?

That is right. He does. Every employee.

Christmas bonuses, too?

Yes, I always sign the letters individually and, as you can see, that pile—well, you see a lot of piles (pointing to his desk) but that pile on the right side of the desk, those are birthday letters for the next two days.

Do I understand that you know virtually all of your 3,200-plus employees by their first name?

I know a lot of them. I must say that it is getting increasingly difficult. I used to know all of them, but I still know a great many of them.

You have said that you don't think a man should think of his history in

terms of the balance sheet, but in terms of accomplishments for his fellowman. What did you mean by that?

I don't think that, when the final record is written, the balance sheet is going to be particularly important. I think it is very important to have a good balance sheet from the standpoint of your stockholders and from the standpoint of your financial community.

But I feel that business has an obligation to its employees and to the nation. After all, the private enterprise system is going to go forward or backward, based on how well business recognizes its responsibilities and its obligations.

I personally feel that most employers today feel this responsibility. I think the great hope of this country in the next 10 or 20 years is going to be the private enterprise system licking some of these problems that the government has totally failed to solve.

For example?

I think the question of the hard-core unemployed is going to have to be solved by private industry. I don't think it is going to be solved by the government. Of course, you know many companies are making a real stab at this right now.

This summer we took on some high school youngsters. We didn't follow the program that some of the companies have of using the government to pay a part of their salaries. We did this ourselves and it worked out very well. We are going to do this same thing on a larger scale next summer.

Mr. Robins, what has been the most gratifying experience in your business life?

That is a large order. I have had so many gratifying experiences.

When you hit the $100 million mark, you must have felt something.

Well, certainly that was a very gratifying milestone. I wouldn't deny that. But let me back up a little bit. My philosophy is this: I obviously eat too much anyway and I can't eat any more than I am eating. I can't wear but one suit at a time and can't drive but one automobile at a time. So an accumulation of money while it comes is not really the most satisfying thing in the world.

The most satisfying thing, I think, is to see people develop—your associates, your young executives, your people down the line who come up and get to be executives—all of these things to me are very gratifying.

You do get a great deal of satisfaction out of the many civic programs you involve yourself in, too.

Yes, I think any good corporate citizen has got to take part in civic activities and try to make his city a better place in which to live. We try to be a part of everything worthwhile in the city.

One of our executives has been a member of the City Council. He was also vice-Mayor of the city at one time. Many of our members have served on Chamber of Commerce committees and fund drives for hospitals and other things which are good for the city.

What has been the most disappointing experience in your business life?

I think—not in my personal business—one of the greatest disappointments to me is how some politicians who obviously think they have the interest of the country at heart can do as much as they do to try to tear down the private enterprise system which has made this country the greatest nation in the world.

How do you pick your up-and-coming executives? What do you look for in a man?

The No. 1 thing I look for in a man is "Can he get along with other people?"

I find that anyone who has a reasonable amount of good sense, if he has the ability to get along with people, can learn most any job. That would be the one qualification I would look for first.

You might find it interesting that we haven't built our organization by pulling everyone from other companies. We have gotten people from other organizations, of course, but many of our folks are folks who were never in the pharmaceutical industry but, because they have good sense and because they have this ability, they have turned out to be wonderful executives.

I feel there is no substitute for quality, particularly in personnel. Of course it is obviously true in your own product. But, on the assumption that most manufacturers make good products otherwise they couldn't stay in business, I think the key is personnel. I would rather have one good man than six fair ones. It is amazing what one good man can do.

Mr. Robins, how do you relax?

I probably never do. I have been told that I look like I am relaxed. But I am the kind of person that really never does.

I do go down to the beach on weekends. I have a summer home down there. In fact I live there on weekends most of the year around down there. I go down there and watch the waves. It comes as close to relaxation as anything that I ever do. It gives me a chance to read some things I haven't had time to read without the telephone ringing every five seconds or so.

So you are one of these people who thrives on work.

I'm afraid so. I am interested in many things. I love sports. I'm interested in the Virginia Museum of Fine Arts. I am interested in education. I am on a lot of boards, the University of Richmond Board, for example.

I have many interests but I am not sure that I have many hobbies, in the usual sense.

What do you see down the road in the way of research? Do you foresee any great drug discoveries?

I feel that there is a tremendous future in the pharmaceutical business yet. There are many areas that we are just beginning to explore.

And I feel this strongly: Unless the government will encourage research more, there is a danger that it might be restricted to a point where these results will not materialize. I am speaking of such things as the possible restriction on patents, for one thing. It would be the greatest tragedy that ever happened to the American people, if this were ever done, because it would definitely restrict money that is now poured into research.

I am still optimistic enough to think that this is not going to happen. **END**

REPRINTS *of "Lessons of Leadership: Part XLIV—Treating People as Individuals," may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance.*

OFFICIAL TAX CALENDAR FOR 1969

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liability as shown on the Form 941 (reduced by any monthly or semimonthly deposits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 501. If the taxes were timely deposited, see May 12.

MANUFACTURERS, RETAILERS, AND OTHERS file quarterly excise tax return for the 1st quarter and pay the tax. Use Form 720. If the quarterly excise tax liability as shown on Form 720 (reduced by any monthly or semimonthly deposits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 504. If the tax was timely deposited, see May 12. Persons providing communication or air transportation service see June 2.

EXCISE TAXES for the first 15 days of April on articles reportable on Form 720 (other than air transportation, communications, sugar and foreign insurance policies) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended March 31, 1969. Use Form 504.

May 1

EXCISE TAXES due on sugar and foreign insurance policies for the first 15 days of April must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended March 31, 1969. Use Form 504.

May 5

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the last 15 days of April if they were liable for such taxes in excess of $2,500 for any month during the quarter ended March 31, 1969. Use Form 501.

EXCISE TAXES collected during the last 15 days of April must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended March 31, 1969. Use Form 504.

May 12

EXTENDED DATE FOR QUARTERLY RETURNS: EMPLOYERS who made timely deposits of income tax withheld and social security taxes due for the 1st quarter, file 1st quarter return. Use Form 941.

MANUFACTURERS, RETAILERS, AND OTHERS who made timely deposits of all excise taxes due for the 1st quarter, file 1st quarter return. Use Form 720.

EMPLOYEES receiving cash tips in April of $20 or more must report them to their employer. Form 4070 may be used.

May 15

EMPLOYERS liable for income tax withheld and social security taxes in excess of $100 for the month of April, who were not required to make semimonthly deposits, must deposit such taxes with a depositary. Use Form 501.

EXCISE TAXES for the last 15 days of April on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended March 31, 1969. Use Form 504.

May 20

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the first 15 days of May if they were liable for such taxes in excess of $2,500 for any month during the quarter ended March 31, 1969. Use Form 501.

EXCISE TAXES collected during the first 15 days of May must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended March 31, 1969. Use Form 504.

June 2

SUPPLIERS OF COMMUNICATION or air transportation service file quarterly excise tax return for 1st quarter of 1969 and pay tax. Use Form 720. If the quarterly excise tax liability as shown on Form 720 (reduced by any monthly or semimonthly deposits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 504.

MANUFACTURERS, RETAILERS, AND

OTHERS liable for more than $100 of excise taxes for April, who were not required to make semi-monthly deposits, must deposit such taxes with a depositary. Use Form 504.

EXCISE TAXES for the first 15 days of May on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended March 31, 1969. Use Form 504.

June 4

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the last 16 days of May if they were liable for such taxes in excess of $2,500 for any month during the quarter ended March 31, 1969. Use Form 501.

EXCISE TAXES collected during the last 16 days of May must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended March 31, 1969. Use Form 504.

June 10

EMPLOYEES receiving cash tips in May of $20 or more must report them to their employer. Form 4070 may be used.

June 16

INDIVIDUALS must pay 2d installment of 1969 estimated income tax.

CORPORATIONS must pay the balance of 1968 income tax liability. The 2d installment of 25% of 1969 estimated income tax liability is due. Payments are made to a depositary using Form 503.

EMPLOYERS liable for income tax withheld and social security taxes in excess of $100 for the month of May, who were not required to make semi-monthly deposits, must deposit such taxes with a depositary. Use Form 501.

EXCISE TAXES for the last 16 days of May on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended March 31, 1969. Use Form 504.

June 18

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the first 15 days of June if they were liable for such taxes in excess of $2,500 for any month during the quarter ended March 31, 1969. Use Form 501.

EXCISE TAXES collected during the first 15 days of June must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended March 31, 1969. Use Form 504.

June 30

MANUFACTURERS, RETAILERS, AND OTHERS liable for more than $100 of excise taxes for May, who were not required to make semi-monthly deposits, must deposit such taxes with a depositary. Use Form 504.

EXCISE TAXES for the first 15 days of June on articles reportable on Form 720 (other than air transportation, communications, sugar and foreign insurance policies) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended March 31, 1969. Use Form 504.

July

DURING THE MONTH you may (unless required to make semi-monthly deposits of withheld income and social security taxes or excise taxes) deposit income tax withheld and employer and employee social security taxes (Form 501) and excise taxes (Form 504)—regardless of amounts withheld or collected for June, and gain an extension of time in which to file quarterly returns for such taxes, provided such taxes for April and May were timely deposited. See August 11.

July 1

PERSONS MANUFACTURING, MAINTAINING FOR USE, OR DEALING IN OR WITH the businesses or products listed below, if they are currently registered, must, on or before this

OFFICIAL TAX CALENDAR FOR 1969 *continued*

date, register and pay for occupational tax stamps for the new fiscal year ending June 30, 1970. Persons who will engage in business for the first time must register and pay for occupational tax stamps **before** commencing business in connection with any of the following:

Gaming devices	Use Form 11-B
Wagering	Use Form 11-C
Narcotics or marihuana	Use Form 678
Brewing beer	Use Form 11
Rectifying distilled spirits or wine	Use Form 11
Selling distilled spirits, beer, or wines	Use Form 11
Manufacturing stills or condensers for distilling spirits	Use Form 11
Firearms	Use Form 11

EXCISE TAXES due on sugar and foreign insurance policies for the first 15 days of June must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended March 31, 1969. Use Form 504.

July 3

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the last 15 days of June if they were liable for such taxes in excess of $2,500 for any month during the quarter ended March 31, 1969. Use Form 501.

EXCISE TAXES collected during the last 15 days of June must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended March 31, 1969. Use Form 504.

July 10

EMPLOYEES receiving cash tips in June of $20 or more must report them to their employer. Form 4070 may be used.

July 15

EXCISE TAXES for the last 15 days of June on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended March 31, 1969. Use Form 504.

July 18

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the first 15 days of July, if they were liable for such taxes in excess of $2,500 for any month during the quarter ended June 30, 1969. Use Form 501.

EXCISE TAXES collected during the first 15 days of July must be deposited by person providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended June 30, 1969. Use Form 504.

July 31

ALL BUSINESSES must register and pay for occupational tax stamps for the fiscal year ending June 30, 1970, provided they maintain for use or deal in or with:

Adulterated and process or renovated butter	Use Form 11
Filled cheese	Use Form 11

EMPLOYERS file Form 941 for income tax withheld and social security taxes for the 2d quarter and pay any taxes due. If the quarterly tax liability as shown on the Form 941 (reduced by any monthly or semimonthly deposits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 501. If the taxes were timely deposited, see August 11.

MANUFACTURERS, RETAILERS, AND OTHERS file quarterly excise tax return for the 2d quarter and pay the tax. Use Form 720. If the quarterly excise tax liability as shown on Form 720 (reduced by any monthly or semimonthly deposits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 504. If the tax was timely deposited, see August 11. Persons providing communication or air transportation service see September 2.

EXCISE TAXES for the first 15 days of July on articles reportable on Form 720 (other than air transportation, communications, sugar and foreign insurance policies) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1969. Use Form 504.

August 1

EXCISE TAXES due on sugar and foreign insurance policies for the first 15 days of July must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1969. Use Form 504.

August 5

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the last 16 days of July if they were liable for such taxes in excess of $2,500 for any month during the quarter ended June 30, 1969. Use Form 501.

EXCISE TAXES collected during the last 16 days of July must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended June 30, 1969. Use Form 504.

August 11

EXTENDED DATE FOR QUARTERLY RETURNS:

EMPLOYERS who made timely deposits of income tax withheld and social security taxes due for the 2d quarter, file 2d quarter return. Use Form 941.

MANUFACTURERS, RETAILERS, AND OTHERS who made timely deposits of all excise taxes due for the 2d quarter, file 2d quarter return. Use Form 720.

EMPLOYEES receiving cash tips in July of $20 or more must report them to their employer. Form 4070 may be used.

August 15

EMPLOYERS liable for income tax

withheld and social security taxes in excess of $100 for the month of July, who were not required to make semi-monthly deposits, must deposit such taxes with a depositary. Use Form 501.

EXCISE TAXES for the last 16 days of July on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1969. Use Form 504.

August 20

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the first 15 days of August if they were liable for such taxes in excess of $2,500 for any month during the quarter ended June 30, 1969. Use Form 501.

EXCISE TAXES collected during the first 15 days of August must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended June 30, 1969. Use Form 504.

September 2

SUPPLIERS OF COMMUNICATION OR AIR TRANSPORTATION service file quarterly excise tax return for 2d quarter of 1969 and pay tax. Use Form 720. If the quarterly excise tax liability as shown on Form 720 (reduced by any monthly or semimonthly deposits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 504.

HIGHWAY VEHICLE OWNERS OR OPERATORS must pay the Federal use tax on motor vehicles used on the public highways for the fiscal year ending June 30, 1970. Use Form 2290.

MANUFACTURERS, RETAILERS, AND OTHERS liable for more than $100 of excise taxes for July, who were not required to make semi-monthly deposits, must deposit such taxes with a depositary. Use Form 504.

EXCISE TAXES for the first 15 days of August on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1969. Use Form 504.

September 4

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the last 16 days of August if they were liable for such taxes in excess of $2,500 for any month during the quarter ended June 30, 1969. Use Form 501.

EXCISE TAXES collected during the last 16 days of August must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended June 30, 1969. Use Form 504.

September 10

EMPLOYEES receiving cash tips in August of $20 or more must report them to their employer. Form 4070 may be used.

September 15

INDIVIDUALS must pay 3d installment of 1969 estimated income tax.

CORPORATIONS must pay to a depositary the 3d installment of 25% of 1969 estimated income tax. Use Form 503.

EMPLOYERS liable for income tax withheld and social security taxes in excess of $100 for the month of August, who were not required to make semimonthly deposits, must deposit such taxes with a depositary. Use Form 501.

EXCISE TAXES for the last 16 days of August on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1969. Use Form 504.

September 18

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the first 15 days of September if they were liable for such taxes in excess of $2,500 for any month during the quarter ended June 30, 1969. Use Form 501.

EXCISE TAXES collected during the first 15 days of September must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended June 30, 1969. Use Form 504.

September 30

MANUFACTURERS, RETAILERS, AND OTHERS liable for more than $100 of excise taxes for August, who were not required to make semi-monthly deposits, must deposit such taxes with a depositary. Use Form 504.

EXCISE TAXES for the first 15 days of September on articles reportable on Form 720 (other than air transportation, communications, sugar and foreign insurance policies) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1969. Use Form 504.

October

DURING THE MONTH you may (unless required to make semi-monthly deposits of withheld income and social security taxes or excise taxes) deposit income tax withheld and employer and employee social security taxes (Form 501), and excise taxes (Form 504)—regardless of amounts withheld or collected—for September, and gain an extension of time in which to file quarterly returns for such taxes, provided such taxes for July and August were timely deposited. See November 10.

October 1

EXCISE TAXES due on sugar and foreign insurance policies for the first 15 days of September must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1969. Use Form 504.

October 3

EMPLOYERS must deposit income tax withheld and social security

(Continued on page 62)

business: a look ahead

AGRICULTURE

Bulk shipment of frozen vegetables by rail looks like coming transportation development in food industry.

Most bulk shipments now are fluid; milk by tank cars and trucks, wine by ship, cherries in water medium by tank truck and tomato paste by tank car.

Recent developments include railroad car with self-contained air conditioning for bulk shipment of potatoes.

Agriculture Department says government researchers and equipment manufacturers consider 90-ton capacity cars are feasible for frozen vegetables. No technological barriers exist, it's said, and manufacturers are interested.

Months ago, National Association of Food Chains cited forthcoming improvements in transportation as one promising way of keeping lid on food prices.

TRANSPORTATION

Court action, Congressional legislation or change of administrative regulation is likely to be sought to straighten out major highway controversy.

Outgoing officials of Department of Transportation left new Administration controversial legacy in form of new restrictions on highway construction.

At issue is two-hearing procedure to afford communities affected by highway construction opportunity to discuss first general alignment, then specific design of proposed facilities.

Road-building authorities must meet voluminous procedural requirement, and road opponents gain appeals route to federal authorities. Many who favor principle of hearings nevertheless oppose appeals procedure as means of blocking highways and substituting mass transit.

They point to anti-urban highway leanings of same Department of Transportation officials who drafted new regulations.

CONSTRUCTION

Step-by-step procedural manual for housing rehabilitation is being published by National Gypsum Co. for local business use on profit-making basis.

Company concluded on basis of Columbus, Ohio, experiment that structurally sound but run-down properties can be acquired for $3,000 $4,000 and rehabilitated for another $5,000 to $6,000 without government subsidy.

Local builders and real estate men can team up with suppliers and lenders to produce homes selling for $10,000 to $14,000 and available at average $350 down and $85 per month payments under FHA.

National Gypsum says work can be coordinated with training programs and social services in cooperation with anti-poverty groups. It's issuing a film and other materials to show how Columbus experience can be applied elsewhere.

CREDIT AND FINANCE

Ten per cent tax surcharge, now raising about $10 billion a year, will be allowed to expire when Viet Nam war ends.

So predicts former corporate and government economist specializing in impact of defense spending, Dr. Murray L. Weidenbaum of Washington University, St. Louis, notes that revenue loss to government would be offset by normal revenue yield which increases by some $12 billion per year.

Viet Nam costs the nation estimated $30 billion a year. He sees continuing military needs as restricting savings from Viet Nam peace to $10 billion. Continuing world tensions assure this. His conclusion:

"If there is any prediction that I can offer with considerable confidence, it is that the military budget will not decline to the $50 billion levels that we experienced before the Viet Nam war."

FOREIGN TRADE

Advent of Nixon Administration heightens talk of foreign trade policy changes.

Look for discussion of regional trade groupings, protectionist legislation, tax changes.

Business observers point to need for comprehensive attack on several foreign and domestic policies all combining to influence strength of United States as trading nation.

These range from operation of antitrust laws, agricultural subsidies and price-wage factors to restraints on export credit, absence of export tax incentives and restrictions on investment abroad.

Many in business complain that controls on foreign investment harm both U. S. exports and long-term payments balance. Government disputes this or argues that case can't be made conclusively either way. Commerce Department has study under way to settle dispute but completion is months away.

MANUFACTURING

Expected demand for up to 28 million housing units in decade of 1970's, nearly double number of starts during 1960's, gives optimistic outlook for vast number of suppliers.

This projection comes from Armstrong Cork, major materials supplier, as part of economic outlook.

Many industries look to greater fulfillment of housing demands as major market source (See Construction.)

Optimistic forecast for electrical equipment manufacturers in 1969 also cites projected increase in construction of all kinds, including housing.

MARKETING

Acquisition of Continental Trailways by Holiday Inns is classic example of complementary services strengthening the demand for each other.

Spokesman for fast-growing Holiday Inns notes that bus terminals in central city locations offer great promise for combination terminal-motel facilities.

Also offer prospects for combined package of transportation and lodgings. Merger has many elements of trend toward location of hotels and motels at or near airports, involvement of airlines in hotel business overseas.

For example, Pan American and its subsidiary, Intercontinental Hotels; TWA and its subsidiary, Hilton International hotels.

NATURAL RESOURCES

Basically simple technique to attack water pollution is proving successful in practice, says company involved.

Problem is common to many communities with combined sanitary and storm sewers which overflow into rivers and streams during heavy rains.

Underwater Storage, Inc., Washington, D. C., got contract to experiment with giant, rubberized and collapsible tanks made by Goodyear, submerged in river, to collect overflow during heavy rains for storage and later return to regular municipal system when volume drops.

"I would say we've proved our point right now," says company spokesman after several weeks of operation in Anacostia River. The experiment will run into next fall.

OFFICIAL TAX CALENDAR FOR 1969 *continued from page 59*

taxes on the wages paid during the last 15 days of September if they were liable for such taxes in excess of $2,500 for any month during the quarter ended June 30, 1969. Use Form 501.

EXCISE TAXES collected during the last 15 days of September must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended June 30, 1969. Use Form 504.

October 10

EMPLOYEES receiving cash tips in September of $20 or more must report them to their employer. Form 4070 may be used.

October 15

EXCISE TAXES for the last 15 days of September on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended June 30, 1969. Use Form 504.

October 20

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the first 15 days of October if they were liable for such taxes in excess of $2,500 for any month during the quarter ended September 30, 1969. Use Form 501.

EXCISE TAXES collected during the first 15 days of October must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended September 30, 1969. Use Form 504.

October 31

EMPLOYERS file Form 941 for income tax withheld and social security taxes for the 3d quarter and pay any taxes due. If the quarterly tax liability as shown on the Form 941 (reduced by any monthly or semimonthly deposits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 501. If the taxes were timely deposited, see November 10.

MANUFACTURERS, RETAILERS, AND OTHERS file quarterly excise tax return for the 3d quarter and pay the tax. Use Form 720. If the quarterly excise tax liability as shown on Form 720 (reduced by any monthly or semimonthly deposits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 504. If the tax was timely deposited, see November 10. Persons providing communication or air transportation service see December 1.

EXCISE TAXES for the first 15 days of October on articles reportable on Form 720 (other than air transportation, communication, sugar and foreign insurance policies) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended September 30, 1969. Use Form 504.

November

EMPLOYERS should request the filing of a new Form W-4 by each employee whose withholding exemptions will be different in 1970 from the exemptions claimed on the last certificate.

November 3

EXCISE TAXES due on sugar and foreign insurance policies for the first 15 days of October must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended September 30, 1969. Use Form 504.

November 5

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the last 16 days of October if they were liable for such taxes in excess of $2,500 for any month during the quarter ended September 30, 1969. Use Form 501.

EXCISE TAXES collected during the last 16 days of October must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended September 30, 1969. Use Form 504.

November 10

EXTENDED DATE FOR QUARTERLY RETURNS:

EMPLOYERS who made timely deposits of income tax withheld and social security taxes due for the 3d quarter, file 3d quarter return. Use Form 941.

MANUFACTURERS, RETAILERS, AND OTHERS who made timely deposits of all excise taxes due for the 3d quarter, file 3d quarter return. Use Form 720.

EMPLOYEES receiving cash tips in October of $20 or more must report them to their employer. Form 4070 may be used.

November 17

EMPLOYERS liable for income tax withheld and social security taxes in excess of $100 for the month of October, who were not required to make semi-monthly deposits, must deposit such taxes with a depositary. Use Form 501.

EXCISE TAXES for the last 16 days of October on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended September 30, 1969. Use Form 504.

November 19

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the first 15 days of November if they were liable for such taxes in excess of $2,500 for any month during the quarter ended September 30, 1969. Use Form 501.

EXCISE TAXES collected during the first 15 days of November must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended September 30, 1969. Use Form 504.

December

A CORPORATION which meets cer-

tain requirements may elect, at any time during the month, not to be taxed as a corporation for the year 1969.

December 1

SUPPLIERS OF COMMUNICATIONS OR AIR TRANSPORTATION service file quarterly excise tax return for 3d quarter of 1969 and pay tax. Use Form 720. If the quarterly excise tax liability as shown on Form 720 (reduced by any monthly or semimonthly deposits for the quarter) is more than $100, the unpaid balance must be deposited with a depositary. Use Form 504.

MANUFACTURERS, RETAILERS, AND OTHERS liable for more than $100 of excise taxes for October, who were not required to make semi-monthly deposits, must deposit such taxes with a depositary. Use Form 504.

EXCISE TAXES for the first 15 days of November on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended September 30, 1969. Use Form 504.

December 3

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the last 15 days of November if they were liable for such taxes in excess of $2,500 for any month during the quarter ended September 30, 1969. Use Form 501.

EXCISE TAXES collected during the last 15 days of November must be deposited by persons providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended September 30, 1969. Use Form 504.

December 10

EMPLOYEES receiving cash tips in November of $20 or more must report them to their employer. Form 4070 may be used.

December 15

CORPORATIONS must pay to a depositary the 4th installment of 25% of 1969 estimated income tax. Use Form 503.

EMPLOYERS liable for income tax withheld and social security taxes in excess of $100 for the month of November, who were not required to make semimonthly deposits, must deposit such taxes with a depositary. Use Form 501.

EXCISE TAXES for the last 15 days of November on articles reportable on Form 720 (other than air transportation and communications) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended September 30, 1969. Use Form 504.

December 18

EMPLOYERS must deposit income tax withheld and social security taxes on the wages paid during the first 15 days of December if they were liable for such taxes in excess of $2,500 for any month during the quarter ended September 30, 1969. Use Form 501.

EXCISE TAXES collected during the first 15 days of December must be deposited by person providing communication or air transportation service if they were liable for more than $2,000 of all taxes reported on Form 720 for any month during the quarter ended September 30, 1969. Use Form 504.

December 31

MANUFACTURERS, RETAILERS, AND OTHERS liable for more than $100 of excise taxes for November, who were not required to make semi-monthly deposits, must deposit such taxes with a depositary. Use Form 504.

EXCISE TAXES for the first 15 days of December on articles reportable on Form 720 (other than air transportation, communications, sugar and foreign insurance policies) must be deposited if the liability for all taxes reported on Form 720 exceeded $2,000 for any month during the quarter ended September 30, 1969. Use Form 504.

Fiscal Year Taxpayers

THE DUE DATES in the Tax Calendar above apply to all taxpayers whether they use a calendar or fiscal year except for the following items:

INDIVIDUALS—If you use a fiscal year, change the dates above for your income tax return and declaration of estimated income tax to the dates corresponding to the following:

FORM 1040 is due on or before the 15th day of the 4th month following the close of your tax year.

FORM 1040-ES for your current tax year is due on or before the 15th day of the 4th month following the close of your last tax year. Payment of the estimated tax is to be made in 4 equal installments due on or before the 15th day of the 4th, 6th, and 9th months of your current tax year and of the 1st month of your next succeeding tax year.

PARTNERSHIPS—If you use a fiscal year, change the due date of your return of income (Form 1065) to the 15th day of the 4th month following the close of your tax year.

CORPORATIONS—If you use a fiscal year, change the dates above for your income tax return and declaration of estimated income tax to the dates corresponding to the following:

FORM 1120 (OR FORM 7004) is due on or before the 15th day of the 3d month following the close of your tax year. Payments of income tax must be deposited with a Federal depositary.

YOUR ESTIMATED TAX payments for the current tax year are due on or before the 15th day of the 4th, 6th, 9th, or 12th month of your current tax year, depending on when you first meet the requirements for filing. Payments of estimated taxes must be deposited with a Federal depositary.

A CORPORATION ELECTING NOT TO BE TAXED as a corporation must make election within the month before its tax year begins or within the month in which its tax year begins.

FORM 1120-S is due on or before the 15th day of the 3d month following the close of the corporation's tax year.

DUE DATE ON SATURDAY, SUNDAY, OR HOLIDAY—If the due date for the filing of a return or making a tax payment, etc., falls on a Saturday, Sunday, or legal holiday, you may perform the act on the next succeeding day which is not a Saturday, Sunday, or legal holiday. **END**

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The fantastic work style of

EXECUTIVES OF THE FUTURE

human "machines" purple robed and chemically motivated will man corporate command posts with their topless secretaries

EXECUTIVE WANTED: *Lack of experience essential. College helpful; training in computer management, operations research, systems design necessary. Since this company manufactures moon-surface vehicles, ability to speak Russian and Chinese desirable. Must have clearance in interplanetary travel and be able to withstand 7-Gs. Can guarantee two or three years of employment for right man.*

The above ad is scheduled to appear on international want-ads featured on Channel 203 in January, 2000 A.D. The employer's requirements will be more or less typical of the time.

Lack of experience is specified because in the business world of the future, experience will be a dirty word. In almost every case, a previous or "old" way of doing things will automatically be unacceptable. The need for multilingual skills will result directly from the international character of almost every medium-to-large size business operation. For any company engaged in moon or interplanetary operations, willingness and physical fitness for space travel will be an obvious requirement. And finally, tenure in the average job will be brief because of rapid organizational change.

Already we can predict a good deal about the manager of tomorrow.

Enter superexecutive

The executive of tomorrow will be a superman. This can be predicted with assurance.

Arthur C. Clarke, the English scientist-writer, says that in predicting the future, we must avoid two pitfalls, the failure of nerve and the failure of imagination. The failure of nerve, he says, comes about when logic makes us balk at making extrapolations from today's trends. For example, the invention of the airplane could have been anticipated more clearly if seers at the turn of the century hadn't drawn back from the "impossibility" of heavier-than-air-machine flight.

And to avoid failure of imagination, we must give free play to our intuitions and report truly what we sense by this method.

Using both the clues and trends of today, and the predictive visions of the mind, the Twenty-first Century executive emerges as a paragon.

Specific change factors, already operating on the business scene, will mold tomorrow's executive. For example:

- Increasing professionalization. For some three or four decades now the executive has been told that he is a professional. He is—to the extent that he uses professional techniques, such as operations research, value analysis, PERT, and follows standards of performance such as working toward personal effectiveness, career development of subordinates, company profitability. With the passage of time, techniques more varied and numerous and increasingly high standards based on rising levels of expectation will mean better performance.
- The refinement and improvement of executive capabilities will see tomorrow's executive performing astonishing feats, just as today's doctors, by yesterday's standards, perform miracles. The continuing professionalization of his job will exert pressures for increasing excellence.
- More demanding job contest. The executive is becoming a link in a system that includes equipment of rapidly rising sophistication. Communications are becoming ever more "instant." Computers are producing more and better information faster.

As a result, traditional cycles are being shortened. For example, lead time of produced items is briefer. The profitable life of new products tends to be much shorter. Accordingly, executives from all functions, research to marketing, must move faster to develop, produce and sell a product before either competition or changed consumer demand makes it obsolete. The demands of the job for faster action, sharper decisions, more and more precise communication means that the human machine will have to be tuned up to match the advancing business technology of tomorrow.

- Training. Another major factor that will shape tomorrow's executive and fit him for the unbelievably complex and demanding responsibility he will shoulder is the preparation he will undergo.

The traditional curriculum designed for the Master of Business Administration, with its economics, sociology and marketing will be beefed up by such subjects as demography, consumer psychology, advanced sensitivity training and such new engineering subjects as space mechanics and oceanographic agriculture.

Physical and mental fitness will be covered in a number of psychiatric and medical-oriented courses. For example, the executive trainee's physical stamina will be tended till it matches that of today's Olympic athlete. The reason will be that executive fatigue cannot be tolerated. Tomorrow's manager will be expected to maintain top pace without flagging.

Mental capabilities, today considered as personal and as private as an individual's personality, will get considerable attention and review. The individual's ability to concentrate will get prime attention, as will his memory.

Filling in the picture

What will the Twenty-first Century executive, this product of a stern and pragmatic schooling, look like and how will he perform?

- Tomorrow's executive suite: The next century's executive will work in two typical situations: home and command post.

For many executives, there will be no need to leave their living quarters to make their contribution

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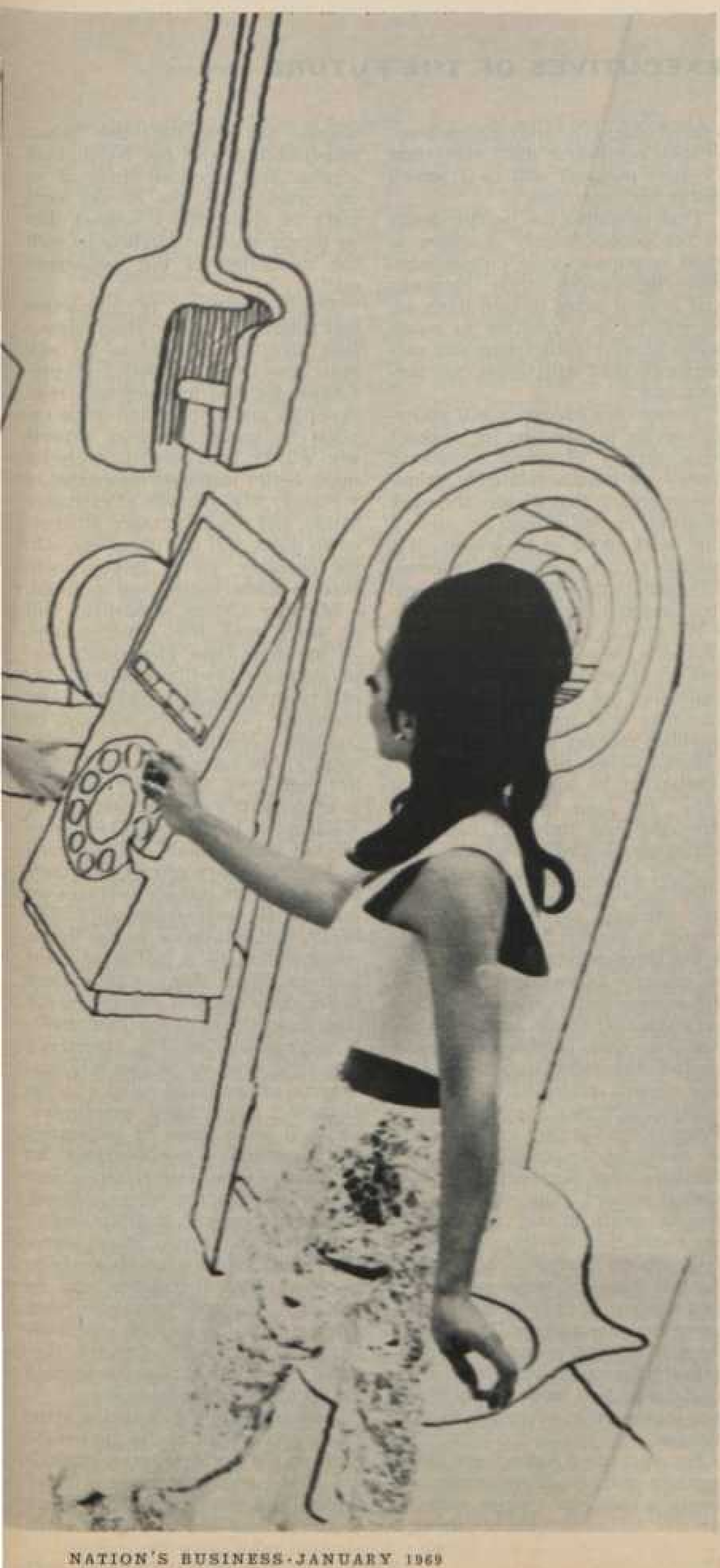
AUREN URIS, *author of this article, has written widely on business management subjects. His latest book, "Mastery of Management," deals with the manager in an era of rapid change. He has been a business executive and is now an editor with Research Institute of America.*



EXECUTIVES OF THE FUTURE *continued*

to company's operations. High-speed communications terminals that will link him to the company computer, provide photo-telephone contact with other executives, facsimile machines that will facilitate the reception and sending of documents, drawings and so on, will keep him in satisfactory touch with company operations and make possible his decisions being fed into the overall operations.

A typical office three decades hence will look pretty much like a sophisticated military control center. Display boards indicating key factors in operations, everything from cash flow to material movements, will be graphically represented. Computer terminals will supply an almost endless stream of in-line, real-time data, and the executive ensconced on a command chair at a control console will make his moves with the aid of secretaries, assistants, expert advisers.

• Language master: The Twenty-first Century executive will have available to him communications for establishing immediate contact anywhere on the planet—and possibly on the moon. But to match the available communications technology, to be able to use properly the equipment available to him, tomorrow's executive will be a master both of the written and spoken word. He will be able to report, persuade, argue with a mastery of languages that today we can only aspire to.

Also in the language area will be the new approach to reading.

Today's levels of speed and comprehension will seem laughably low to tomorrow's executive. Today's speed of 300 or 400 words a minute at 75 or 80 per cent comprehension will be tripled or more with comprehension almost perfect. It will have to be to keep within reasonable touch with the continuing information explosion.

• Interpersonal relations: Our future opposite number will be a master of what we know today as human relations. The objectives and accomplishments of sensitivity training already give us a good idea of the degree to which executives can understand their own feelings and attitudes, the effect their behavior has on other people, as well as an awareness of the nuances of feeling that continually play about personal relationships. By means of ad-

vanced sensitivity training methods, or their equivalent, the Twenty-first Century manager will be a superb leader and motivator.

Understanding the psychic needs of his people, highly sensitive to their responses, their enthusiasms, their depressions, their hang-ups and what it takes to turn them on, he will be in a position to create levels of work satisfaction and performance that will insure top performance.

Tomorrow's executive will undergo specific preparation for working in a variety of group situations. Today we have a relatively primitive approach that divides the work situation in two categories—you either work alone or in groups. Tomorrow's participants will successfully isolate the differences involved in a number of work situations:

• Working in a two-man team: The problems, opportunities, and limitations of working with one other individual are unique. Tomorrow's executive will understand how to establish rapport with another individual. Being psychologically sophisticated, he will understand not only his own weaknesses and strengths and those of his work companion, but will also understand at what points mutual weaknesses might have to be re-enforced or mutual strengths may have to be unrelated to avoid conflict.

• The three-man team: The balance of psychic factors involved in a three-man group is altogether different from that of the two-man combination. Even traditional religious groups understood the unique psychic stresses created by three people working together. For example, the Twenty-first Century executive will be aware of the pitfall of two of the three team members ganging up against a third. The executive will also be aware of the potential for one member of the trio playing the two others against each other. Against these difficulties and others that are specific to three-man teams, tomorrow's executive will be alerted. He will also be prepared to maximize the strengths, and minimize the weaknesses that exist in any three-man aggregation of which he is a member.

For example: "Alden," one of our opposite numbers of tomorrow, will say to a colleague, "since your aggressive tendencies are strongest, I suggest we give Rita the liaison responsibility with the North Pole station, and since all three of us are rated below the 80 per cent mark in creativity, I suggest that we hire a consultant to help us with the marketing of our seaserpent oil."

Possible patterns of interaction and behavior of other group sizes—four, five, 10, 15 and so on will also have been studied and prescribed for, the interpersonal relationships understood, and made explicit by group dynamics experts who will be used constructively by many better managed companies.

• Status: The symbols of executive status, and the importance attributed to them, will not disappear. On the contrary, status symbols will become more varied and unusual.

• Mobility: Many executives will do their work from their homes. At the same time, planet-wide corporate interests will necessitate travel by superjets and rockets. And travel for "local" hops will also be common. Needless to say, equipment will be super, from autos fitted out with bars and toilet facilities to planes with gyms and saunas.

• Executive hideaways: Companies will buy and maintain extraordinarily lavish country retreats for their top people, as privacy becomes an increasingly scarce commodity. The health and relaxation of the upper echelons will be a matter of great moment, since daily multimillion dollar decisions will depend on the clear-headedness of the executive.

• Supersecretaries: The executive's secretary, even in our own day, has to some extent represented a status element. Tomorrow's superexecutive will be matched by secretaries with outstanding qualifications. In addition to superb stenographic and typing skills, girls, where desired, will have show-girl qualifications.

In his search for a "status secretary," the executive has always been aware of personal specifications. In our own day, we have seen that the girl with the English accent often was considered desirable because of the note of class she seemed to add to the executive suite.

As a result of the changing standards and far-out styles in female dress in the world at large, chances are that some secretaries will be topless well before the Twenty-first Century. And this development will

be accepted quite matter of factly in tomorrow's offices for two reasons: First, nudity itself will be a commonplace. And second, in the aura of pre-eminence that will surround the executive, anything that interests or pleases him will be granted as a matter of course.

• Executive fashions: Although the executive office will resemble a military command post, it is only by coincidence and for a different reason that the executive of tomorrow will wear what amounts to a uniform. The reason for the development lies in the obsolescence of the gray flannel suit. The old gray flannel was fine as long as it was distinctive. But gray flannel lost its value for the executive suite when the junior executive turned up with a suit that was indistinguishable from his superior's.

An alternative? Executive uniforms—which will clearly spell out the difference between a president (possibly wearing a purple outfit in keeping with the ancient connotation of royalty), members of his staff (wearing red), middle management (in blue). Along with the distinctive colors would go styles and cuts that will further add to the differentiation of authority and status.

• The executive wife: Today's executive wife often is mystified by or disinterested in her husband's job.

"I don't understand what he's talking about half the time," says a contemporary executive wife defensively. "How can I be interested?" For the Twenty-first Century executive, the wife's inability to understand the highly technical activities that preoccupy him will still further divorce her from interest in his work. Attempts to educate her, or motivate her to be interested will generally prove unsuccessful. Accordingly, the executive's need for a companion with whom to share his business concerns will be unmet.

But since the executive often counts greatly on having a confidante with whom he can discuss office matters in personal terms, he will tend to seek out the one woman who qualifies both in understanding and interest in what he does at the office—namely, his secretary.

The need of the executive for two women in his life will not go unnoticed in the world at large, and by legislators in particular. Serious legislation will be introduced to regularize and legalize a situation that even in our own day exists, though often disguised. The legislation will enable the executive to have two legal wives, one at home and one at the office.

• The executive as drug user: In the future, much of the scare aura surrounding the use of drugs will have vanished for two reasons:

1. Increased knowledge will permit production of drugs with minimum harmful side effects. Not only will the new drugs be relatively harmless, but their safe use will be subject to better understanding and control.

2. Today's general reaction against "unnatural" things will diminish. In a world in which mechanical devices will often replace diseased, injured or inadequate human organs, where therapeutic substances of many kinds will be used for ordinary body ills, old ideas about the human body's inviolability will dissipate. Accordingly, the typical executive medicine chest tomorrow will almost uniformly include:

Pep pills. Fatigue will no longer be acceptable on the work scene—too serious a threat to performance and operation costs. For some executives mild stimulants will be used to get through the normal slowdown periods that tend to occur routinely during the day. Where important projects are afoot, somewhat stronger boosters will be used.

Smart pills: Drugs that can stimulate the acuteness and creativity of the human mind are already on the horizon. By the Twenty-first Century, executives sitting down to tackle projects requiring a fresh mental outlook and imagination will make step No. 1 the swallowing of a mind-stretching tablet.

Tension reducers: Today, tranquilizers ease the strains and mental anguish of executives and others when they are under the gun. Improved tranquilizers will make it possible to diminish tension without losing any of the acuity and dynamism needed to fulfill a task.

Personality modifiers: The character structure of each individual executive will be well known both by himself and his associates. To assist the executive in work situations for which his particular character make-up may be somewhat of a handicap, specific prescriptions will be devised to add to or diminish particular characteristics.

For example, an individual who tends to be passive will be given an "aggression booster" to help him better cope with situations where self-assertion will be desirable.

An executive with submerged feelings of residual guilt that even the expert psychoanalyst of the day cannot eliminate will be given a "guilt diminisher."

• The executive and society: The social interests of business, already detectable in our day, will flourish on the business scene by the year 2000. One prophet has already sounded the keynote:

"The objective of just 'making money' is not sufficient. In our world, perhaps because in America our affluence is so great, this has become a slightly tarnished idea, no longer appealing, especially to the new generation of college youths."—Harold Brayman, in "Corporate Management in a World of Politics."

The growing social consciousness of the business executive will not only affect the operations of companies, but will also be revealed by much greater participation of business executives in the social and political world.

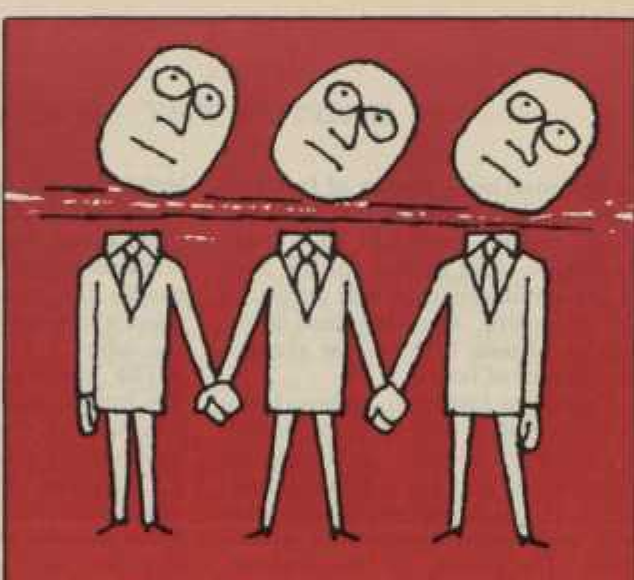
Link with the future

The Twenty-first Century is a lot closer than we think. For one thing, a large percentage of the population of that century is also a part of ours today. And the world we help shape today, in many of its crucial aspects, is the one the citizens of the next century will inherit.

There is little question but that of all we bequeath to the future, a most potent factor will be the business executive. He, perhaps as much as any professional, and more than many, will help shape the world of tomorrow. Let us hope that we can pass along to the Twenty-first Century executive the traditions and values that will make his superskills a great constructive force in his day.

END

TO CUT COSTS THINK MACHIAVELLIAN



Do all injuries at once

The insight and wisdom of Niccolo di Bernardo Machiavelli, Fifteenth Century Florentine statesman and author, is as fresh and applicable as ever.

His great work, "The Prince," told how to be a successful ruler. Some of his advice for manipulating people has given Machiavelli a bad image. However, his writing is filled with many truths that the princes of industry could follow today even in the most practical and agonizing but rewarding task of cost cutting.

As the perceptive Machiavelli said:

"With the utmost diligence I have long pondered and scrutinized the actions of the great, and now I offer the results to Your Highness . . . knowing that it is not in my power to offer you a greater gift than that of enabling you to understand in a very short time all those things which I have learnt at the cost of privation and danger in the course of many years."

With Machiavelli's help, let me pass along some advice just as he might do.

In cost reduction, as in war, many are hurt or permanently eliminated. Despite the clamoring of skilled propagandists, no war (and therefore no cost reduction) is very popular except for those few individuals born to the trade.

But there are ways to influence attitudes, gain support, generate enthusiasm, encourage dynamic action and increase profits.

First, there's the question of labels.

Changing the name of something doesn't make it different but can make it more palatable. Moreover, labels communicate attitudes and set stages. "The till is half full" sounds much better than, "The till is half empty." Four-letter words (frequently applied to cost reduction programs and their sponsors) have socially acceptable synonyms.

So have a "Profit Improvement Plan" instead of a "Cost Reduction Plan." Isn't that really what your aim is anyway?

Later, as memories fade, should there be some lack of success, it can be diplomatically laid at the door of "the general economic situation" or "competitor pricing" or some other scapegoat.

Lop 'em off from the top

You must start your cutbacks at the top. As Machiavelli said:

"Let not princes complain of the faults committed by the people subjected to their authority, for they result entirely from their own negligence or bad example."

If you give a manager instructions to reduce his manpower 10 per cent, the reductions will not net you 10 per cent of the salaries involved.

He is going to favor the older, generally higher paid employees. He is going to hang on to all his managerial and supervisory staff and he's going to hedge for the future with special skills and people in classifications for which it is difficult to hire, even though his immediate need is not great.

If your program were a mild one, maybe you could and should afford this. But you are serious in your intent to improve your profit. By permitting this hoarding, you will end up with more generals and fewer soldiers than you need.

Further, until his own future has been decided, the manager's heart isn't in it. Speculating about personal security isn't conducive to full participation in cost reduction. The "job you save may be your own" attitude causes resourceful persons to engage in manipulations hard to detect and difficult to cope with.

So, start at the top. One vice president, with all the costs that go with him, equals a dozen hewers of wood and carriers of water.

The secret of profit improvement, as it relates to manpower, is eliminate and combine. If you eliminate

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CLIFFORD M. MACMILLAN, *author of this article, is vice president, industrial relations, Studebaker Corp.*

and combine functions at the top as your first move, you then have identified your surviving management team and the sword of Damocles has been put away as far as they are concerned. Survivors can turn to the remainder of the profit improvement task unhampered by speculation as to their own future.

Further, you have given a dramatic demonstration of how to do the job; an example for the department heads to follow in eliminating and combining functions in their areas of responsibility.

When you act—act fast

"In taking a state the conqueror must arrange to commit all his cruelties at once, so as not to have to recur to them every day, and so as to be able, by not making fresh changes, to reassure people and win them over by benefiting them. Whoever acts otherwise, either through timidity or bad counsels, is always obliged to stand with knife in hand, and can never depend on his subjects, because they, owing to continually fresh injuries, are unable to depend on him. For injuries should be done all together, so that being less tasted, they will give less offense. Benefits should be given little by little, so that they may be better enjoyed." So advised Machiavelli.

Take time to plan well; but when you are ready, move fast. The sooner it's over, the sooner the conjecture and uneasiness will cease.

People have an uncanny way of detecting impending problems. Premature disclosure of your plans gives your people an opportunity to rationalize a position and prepare their resistance. On the other hand, as soon as you are ready to move, as full disclosure as possible will be to your advantage.

People bear up under adversity much better if they feel they are part of a worthwhile effort, that suffering is shared with some degree of fairness, that sooner or later there will be a reward for the additional effort.

DRAWINGS BY CHARLES A. DUNN

Show a tinge of sorrow

No well paid martyrs

Attitude begets attitude and the attitude of the top man sets the tone for the campaign. Your Highness must show a tinge of sorrow—but not too much. Just a moment of silence for the departed, then back to the task at hand.

You must be confident that goals will be met and that today's painful actions are the foundation for a better tomorrow. Men who are kept while their peers are being let go easily conclude that they are superior beings. Now is the time to feed the ego. Forget the "I" and by word and action make it "we."

Your Eminence will have to raise a little hell once in a while or people will think you don't really mean it.

Pick your time and situation to raise hell and postpone it if you are really sore. If you can fit it to your personality, a "more in sorrow than in anger" hell-raising is most effective.

Get supervisors on your side

Under adversity, people band together for protection. Be sure Your Magnificence is included in the right bunch. Skill in selecting the ongoing management—and letting them know they have been selected—is your insurance. Create a band of brothers—tough, compassionate, hard-hitting and resourceful.

Remember what Machiavelli said:

"I maintain then, contrary to the general opinion, that the sinews of war are not gold, but good soldiers; for gold alone will not procure good soldiers, but good soldiers will always procure gold."

In any sizable organization there are officers who run a tight ship and others who squirrel away manpower and other resources for a rainy day. This puts the profit improver between Scylla and Charybdis.

Across the board percentage manpower cuts may seriously impair the efficiency of the taut department and selective reductions gives the other manager a basis for screams of anguish over your "favoritism."

An appealing solution is to lay off the manpower

TO CUT COSTS, THINK MACHIAVELLIAN *continued*

miser and let somebody else reorganize the department. Once you've decided the important work to be continued, you can then turn to the question of who is going to do what.

Deal in functions, subfunctions and detailed position descriptions, not in personalities. Usually, in profit improvement programs, the drive is oriented to who can be spared with least damage to current and long-range plans, with the emphasis placed on short-range achievement.

Turn it around. Instead of asking: Who can we let go? Ask: Who do we need to keep going?

Compassion extends to termination arrangements for laid-off employees, assistance in securing other positions and similar matters. Terminating people is an unpleasant experience. I suspect no one can be completely objective in situations involving the dissolution of pleasant, sometimes long-term, relationships. Harden your heart, Prince; you've got a job to do. The surest course to failure is to show favoritism to an inferior performer.

Reward good performers

"Men cannot be made to bear labor and privation without the inducement of a corresponding reward, nor can they be deprived of such hope of reward without danger."

Cutting salaries a fixed percentage in economy drives is controversial; but don't do it. Bonuses, yes, and expensive emoluments of office such as country club memberships.

The people you are not laying off will (theoretically, at least) be working harder and possibly assuming added responsibility. Moreover, nine well-paid men will produce more than a dozen who feel they are underpaid.

Regardless of all studies to the contrary, salaries are the top motivation to good performance.

Bear no labor without reward

Cutting your own salary from $100,000 to $90,000 a year has no meaning to most employees and is useless as an example.

They are already convinced that you aren't worth even half the lower figure. So all you've really done is draw their attention to something they don't approve of anyway.

Salaries in your organization are probably based near or on your competition's. Need more be said?

Loyalty to a company is a wonderful thing and I'm all for it. But first loyalty usually is to family and self.

There are very few martyrs about, and no well-paid ones.

Get your message across

Now, as to propaganda, get your story set—an honest one. The need for the program, how it is to be conducted and, if possible, when you think it will conclude. Tell it over and over and over.

You won't save much money by having short lead pencils turned in for new ones, or using the back of old correspondence for scratch paper, but you'll get your message across.

Consistency is highly important. Try to take at least a little bit out of almost everything, in a patterned way, if possible.

Don't use big dollar figures except as a general target. Announcing the reduction of an advertising budget from $10 million to $9 million is just wasting your time and the time of your audience. It will quickly conclude you could easily take another million out and not lay anyone off.

But announcing a 10 per cent reduction in such major expense items has meaning. Talking in terms of $100,000 or more begins to lose people.

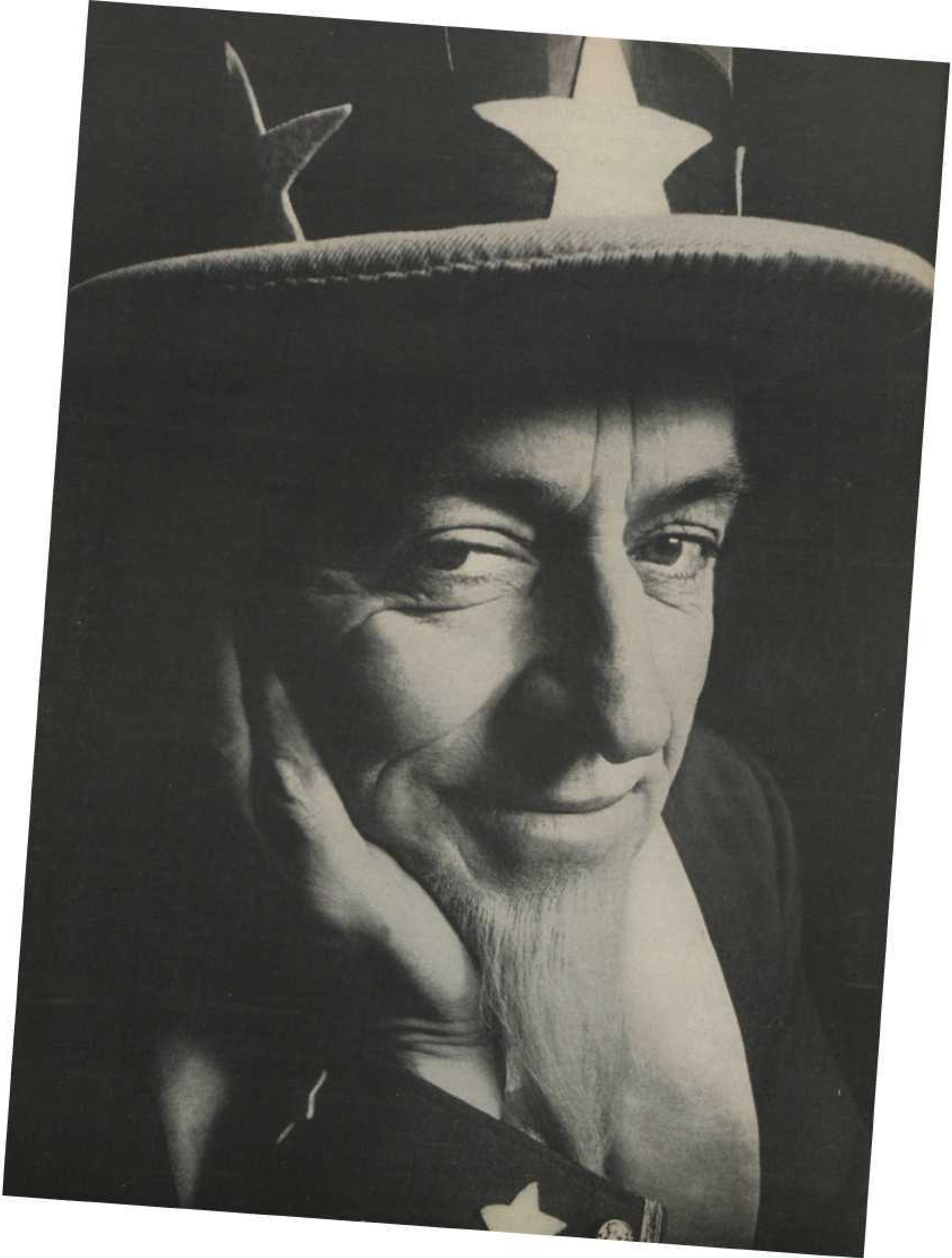
The Genghis Khan of the profit improvement plan has got to put himself in the barrel with everyone else. And he's got to do it so it shows. Sacrifices made in the quiet of your office may satisfy your soul but won't influence attitudes. Let the light shine through.

Sacrificing creature comforts, oddly perhaps, is most impressive. Lay off the handyman who takes the executive cars to be serviced and walk to the garage yourself (just as the plant lets out, of course); close the executive dining room.

Most employees confuse the official and personal lives of top executives. Reported austerity, even if it's your own money involved, will help your cause. (Don't think people don't know how you live; they do. And they enjoy talking about it.) Again, to borrow from Machiavelli:

"May I trust, however, that Your Highness will accept this little gift in the spirit in which it is offered; and if Your Highness will deign to peruse it, you will recognize in it my ardent desire that you may attain to that grandeur which fortune and your merits presage for you." **END**

REPRINTS *of "To Cut Costs, Think Machiavellian" may be obtained from* NATION'S BUSINESS, *1615 H St. N.W., Washington, D. C., 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance with order.*



READERS' RESPONSE:

RESTRAINTS UNIONS NEED

Yes, labor unions should be restrained.

That's the overwhelming opinion of those responding to last month's "Sound Off" question: Should labor unions be restrained?

The record number of replies represented the most one-sided response yet in the NATION'S BUSINESS question feature.

The most frequent reasons given for the need for union restraints were that unions fan inflation and harm the economy; corrupt public officials; inconvenience citizens who depend on public facilities; practice racial discrimination, snuff out businesses; encourage featherbedding and cause property damage.

The methods of restraint mentioned most often were: Making unions subject to antitrust actions, to taxation and to court procedures just as management is. Others want to abolish the National Labor Relations Board, the agency charged with administering the bulk of the federal labor law; adopt a national right-to-work law to prevent compulsory union memberships; curb the use of union money for political purposes; require more detailed financial reports by unions, and prohibit strikes by government employees.

"Unions should be put under antitrust laws or some new law that will eliminate their monopolistic power to strangle the whole country at the whim of a few union officials," states T. H. Davis, president of Piedmont Aviation, Inc., Winston-Salem, N. C.

Antonio Canevaro, president of Case Distributors, Inc., of San Juan, Puerto Rico, says: "This may be a free country for the unions, but who guarantees the freedom to defend the welfare of millions of people who are harmed by the actions of a few, as in the case of the maritime strikes, where 60,000 are dictators over the welfare of millions of people? I feel there should be courts with power to impose compulsory arbitration of labor disputes."

Neil H. Crandall, president of Precision Piping Co., Ashtabula, Ohio: "A situation has developed where in many cases management has lost its right to manage. Inasmuch as the American dogma is predicated on free enterprise, the time has come when the NLRB and other regulatory agencies must be directed to make such decisions as are necessary to return to management its lost prerogatives."

The NLRB, says N. P. Gunto, president of Air Engineering Co. Albuquerque, N. M., is "merely a pawn in the hands of the unions and staffed by union sympathizers." He adds that municipalities need protection from union "blackmail" attempts to disrupt public services.

"I believe the antitrust laws should apply to the unions the same as they do to business," states Harry Whyel, president of Whyel Coal Co., Uniontown, Pa. "Many unions are taking their funds without any restrictions and investing them in the business which they are negotiating contracts for, thereby giving them quite a leverage."

James J. McCrea, secretary-treasurer of The Jay Products Co., Cincinnati, Ohio: "Let's face up to the fact that labor unions get their strength from weak politicians. They should not be allowed to use union dues for political purposes."

Norman J. Ehr, owner of a painting and decorating firm in Milwaukee, Wisc.: "The ridiculous demands by unions are outrageous. The sinful waste of time on the job should certainly be stopped or controlled in some manner."

Many rank-and-file union members agree that unions should be restricted, claims R. L. Fiske, manager of Oakite Products, Inc., Berkeley Heights, N. J. He adds: "Restricted unfair membership rules keep out qualified craftsmen so as to make overtime for present members at triple-time rates. Nixon should emulate the Germans—have meetings with top-level union leaders and seek a moratorium on wage demands which ruined France and England and have sent us well on the way to ruinous inflation."

Harrison B. Bush, vice president of Bush Concrete Products, Inc., Muskegon Heights, Mich: "The things I have experienced and heard from our employees who had been in unions and what I read about make me disgusted and sick to my stomach. First let's get rid of the rotten NLRB so we can at least have a fair shake."

Many businessmen confined their comments to descriptions of the worsening labor picture.

"Labor unions have much more power than they need, require, are entitled to or can properly use," states Jack Whitaker, vice president of Nelson-Whitaker, Inc., a Sunnyvale, Calif., affiliate of the CNA Group. "There are too many corrupt unions and union leaders."

R. M. Marlatt Sr., of Marlatt's Fruit Farm, Port Murray, N. J.: "Unless unions are restrained, this great country will have had it. It may be too late now. We have been pricing ourselves out of the world markets due to union demands."

S. T. Yarbrough, vice president for manufacturing, Lozier Corp., a store fixtures firm of Omaha, Nebr.: "New York school strikes, garbage strikes, stupid repacking of containerized overseas shipments, craft trades' insistence on rewiring units which have been factory wired—these types of things are detrimental, even to the union worker."

Paul W. Kramer of Flint Agency, Inc., Flint, Mich.: "Look at the quality of products being produced by union-dominated shops. As long as a man can do bad work and still be job protected, this situation will become worse."

Congressmen seeking labor votes and money have set up government agencies that coddle unions, says John H. McCann, board chairman of McCann Steel Co., Inc., Nashville, Tenn. The result, he says, is "forced slavery of employers and employees which is heading the country toward a complete breakdown of free enterprise, and all this is being done with the taxpayers' money and the average person is too lazy-minded to stop and recognize how all this is being perpetrated."

No labor union should be allowed to engage in any action that endangers the people the unions were formed to protect, says Don Howard, owner of Camden Ready-Mix, Inc., Camden, Ohio. "Monopolies can be in labor as well as business." **END**

SOUND OFF TO THE EDITOR

SHOULD SURTAX BE EXTENDED?

The 10 per cent surcharge on personal and corporate income tax voted by Congress last summer isn't due to expire for six months, but already there's a hot argument over whether it should be extended.

More and more financial experts are saying that the financial needs of the nation are such that this revenue is going to be needed beyond the temporary period it was designed to cover. And they note that it isn't slowing the inflationary pressures on the economy as quickly as expected.

President-elect Richard M. Nixon heads a parade of figures in government and financial circles who are on record as favoring an end to the surtax, if the fiscal picture permits, as scheduled this coming June.

Among those who say that the surtax will certainly cool off inflationary trends in 1969 are Budget Director Charles J. Zwick and Federal Reserve Bank Governor Andrew F. Brimmer.

The war in Vietnam is an important key to both inflation and financing of government needs, and no one can predict with any certainty as yet how much money is still going to be needed to finance the war.

Equally true is the fact that the business outlook for the last half of 1969 has not yet crystalized.

Those who are talking about an extension of the surtax at this date argue that people are used to it, an extension won't hurt them and government should consider keeping this revenue producer until it gets its financial house in better shape.

Opponents of the surtax contend a promise to the taxpayers that the surtax would be temporary should be kept and that chopping federal spending is the way to curb inflationary pressures and help the revenue situation.

As of today, and recognizing conditions can change, what do you think? Should the surtax be extended?

Jack Wooldridge, Editor
Nation's Business
1615 H Street, N.W.
Washington, D.C. 20006

Should the surtax be extended? ☐ Yes ☐ No

Comments:..

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Name and title.........................

Company................................

LET'S TAKE THE POLITICS

An advertising executive describes how we can develop nonpolitical tests for consumer wants

In a political democracy built on private enterprise and competition in the marketplace, business and government must be allies to keep on advancing our free society.

But relations between government and business have often been plagued by an "understanding gap."

Moreover, business often has been made a political scapegoat by trumpeting the misdeeds of the few transgressors while ignoring the tremendous contributions business makes to the economic, social and cultural welfare of American society.

Occupying a prominent place in the headlines has been the subject of "consumer protection."

Whatever the Nixon Administration attitude toward consumerism will be, an eager band of key lawmakers will still be on Capitol Hill carrying the consumer cudgel.

As a businessman and an advertising practitioner, I fervently believe in consumer protection.

The consumer is the mainspring of what we call the "marketing concept," which is becoming more and more the dominant strategy of the business world.

We in business, and in advertising in particular, know how vital it is to give the consumer satisfaction. Our interest in protecting the consumer transcends by far that of the professional consumer protectors.

ARTHUR C. FATT, *author of this article, is chairman of the executive committee, Grey Advertising Inc. He's a well known spokesman for the advertising industry, and a member of the executive committee, National Marketing Advisory Committee, U. S. Department of Commerce.*

Yet consumer protectors in government have found "causes" for a flood of consumer protection bills and an ever-expanding bureaucratic structure.

What study showed

In 1961, a federal study showed that the government was involved in 113 consumer protection or advancement projects that employed 23,917 people at a cost of $315 million. By 1967, the number of people devoted to this work had risen to 31,474, and the expenditure had risen to $725 million.

The consumer should be protected from hazardous products, predatory dealings, fraudulent schemes, deceptive advertising and other chicaneries.

There is no disagreement between business and government on this score. But consumer protection has been made a divisive force between business and government. Professional consumerists are encouraging consumer boycotts, denigrating advertised brands and implying that business is wringing illegitimate profits from the public.

An influential weekly news magazine filled three solid pages with complaints received by the President's consumer adviser. There was not a single word accompanying these letters to explain that in a nation with our gross national product it would be a miracle if there were not hundreds of thousands of miffed customers.

Nor were there any comments about the constant and continuous efforts being made by American manufacturers, particularly the makers of name brands, to minimize causes of complaints and correct those which are discovered.

We readily acknowledge that protecting the consumer from those who would prey on her is a function of the government.

But, as the great jurist, Supreme Court Justice Brandeis, said: "Experience teaches us to be most on our guard to protect liberty when the government's purposes are beneficent."

There is a vast difference between protecting the consumer and taking the consumer into protective custody.

A study of millions of words disseminated by consumer protectors in and outside the government clearly indicates a profound ignorance of the desires of the American consumer of today. They focus on the typical consumer as a moron, incapable of exercising even the most elementary judgment in the marketplace.

In addition to misreading the consumer, too many legislative and regulatory bodies also misunderstand or misinterpret the economic principles which have propelled our economy to its present heights: An enlightened public, continually aspiring to better living, and maximum employment, which helps more people achieve their aspirations than ever before in history.

For political or other reasons, bureaucracy is always in search of causes to champion. Little wonder that it often comes up with solutions to problems that do not even exist.

For example, representatives of the Consumer Counsel of the Department of Justice want manufacturers of home appliances to tell the consumer how long an appliance will last. "If you don't," they warn, "the government will have to step

OUT OF CONSUMERISM

in to do the job either by statute or with public information programs."

Yet experience shows that one of the industry's major problems is getting the homemaker to read simple existing manuals on care and use.

Furthermore, predicting the probable longevity of a specific appliance would be deceptive because so much depends on how much use (or abuse) the owner gives it.

Consumer protectionists usually point to "floods of complaint letters" they receive. Yet analysis proves that, instead of giving the consumer protectors clear mandates for government action, the letters are quite personal and cover individual gripes.

What's more, how many people write letters of praise when a product performs superbly?

The zeal to legislate consumer protection is evidenced by more than 50 consumer measures placed in the legislative hopper during the second session of the Ninetieth Congress. These involved everything from cigarette advertising, credit, drug advertising and controls, food, safety, warranties and guarantees, land sales, trading stamps, auto insurance, electric power, motor vehicles and expanding FTC jurisdiction.

More harm than good

When protecting the consumer is used as a base for launching antibusiness missiles, it does the consumer more harm than good. It undermines the foundation on which our competitive system rests.

What I have in mind specifically are remarks such as this one from a recent speech by Betty Furness,

One problem for businessmen is that government referees are too prone to take part in the game and change the rules.

special assistant to the President for Consumer Affairs:

"With a marketplace that sells products than can burn, explode, radiate and poison, who can be sure his next trip to the store won't be his last?"

Is there any other system which can create a society where so many people can enjoy the fruits of technology, realize their aspirations for a higher level of living and benefit by so many opportunities for educational, cultural and spiritual enjoyment? If so, that system is still to be discovered.

I know that most businessmen are enlightened and forward-thinking and welcome government cooperation, not only in protecting the consumer but in protecting legitimate business from any wrong doers.

What we object to are efforts by the government to castigate the honest producers together with the erring few and, in so doing, set themselves up as the arbiters of taste, quality, standards and values.

The crucial question is: To what extent can the government continue to castigate the business community and deprecate business in the public's eyes without completely undermining public confidence, jeopardizing our free enterprise system and creating a class society?

The thinking processes of some government agencies are puzzling, to say the least.

The Federal Communications Commission, for example, is disturbed about the question, "When is an advertisement for a product controversial? And shouldn't contrary views be broadcast when the decision is reached that an advertisement for a legitimate product is adjudged controversial?" An extension of this theory might well end in requiring the advertising message itself to give the pros and cons of a product. What government regulators so often forget is that advertising is a selling tool and as such it must state the reasons for a prospect to buy the product. If these reasons are not persuasive, the ad falls on its face and the advertiser's money is wasted.

Here's another popular stance in some government circles.

Some government officials advocate limiting promotional expenditures of companies which have achieved a dominant position in their markets. This theory has been ably rebutted, yet continues to color the thinking. Worse still, it has influenced many in the academic field, thus coloring the attitudes of our upcoming generation toward advertising.

Cases of harassment and castigation of business by the government can fill volumes. I don't contend that because a government action upsets the smooth functioning of the businss world, it was necessarily born of malice. My association with government people in many echelons has convinced me that the great majority of public officials are dedicated to what they consider service to the public.

But the fact remains that through the fabric of the government runs a thread of antagonism towards business.

Even when there is no antago-

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Burroughs

nism, even when government spokesmen stress the urgency of expanding our economy, many of their acts hamper growth and block the stimulation of greater employment.

I am convinced that one of the most critical problems of our era is the accelerated pervasiveness of government into the affairs of business.

As Neil McElroy, chairman of the board of The Procter & Gamble Co., and former U. S. Secretary of Defense, points out: "The vast outward projection of federal power and responsibility is a Twentieth Century fact of life," (and) "indeed most businessmen would defend some part of it as necessary and desirable. . . . Our problems are created not by reasonable umpiring, but by the inclinations of the public referees to take part in the game and occasionally to change the rules as they go."

An era of change

But in this era of change, it is conceivable that government-business relations will change. In fact, there are already significant signs of a quickening of the work of building the bridge between these two sectors of our society.

Business is realizing more and more that it cannot and must not leave problems to the government alone.

Business has never completely shunned involvement in the social environment in which it operates. But it is becoming more and more convinced that deeper involvement is not only necessary, but beneficial to the creation of a climate in the marketplace more favorable to selling and, hence, to profit.

Just as there is a growing recognition among businessmen generally that they must get deeply involved in our nation's social progress, there is a deepening consciousness, not only among advertising practitioners, but among management, that advertising, too, will have to play a prominent role in this task.

In a contemporary society with intense pressures from all directions—political pressures from without, pressures of growing social consciousness from within—advertising will be called upon to work more intensely on programs involving social causes. Not only through the Advertising Council, whose job will be expanded, but through individual corporate campaigns. Many of these are already under way.

The first step to this coalition must be a study of the factual need for any new rules and regulations involving business. Efforts should be made, utilizing accepted survey methods, to determine whether a problem truly exists, what the extent of this problem is, and how effective the proposed action will be in accomplishing its avowed intent.

In the area of consumer protection, for example, it might be a good idea to establish an "Index of Consumer Desires." This would be a continuous pulse-taking of what the consumer needs and wants, just as the government now issues periodic reports on the consumer's buying expectations. Such an index would be a far more accurate gauge of the need for more consumer-protection legislation.

The second step is wider participation by business in government actions affecting business. How many members of commissions such as the FTC or the ICC or the FDA are businessmen who can voice a business point of view at commission meetings? Membership should include businessmen.

The final step must be a deeper appreciation of the mutuality of business and government. Perhaps we should designate an ombudsman to help bring government and business closer together.

It's time to start building a bridge over the "understanding gap." **END**

Advertisers in this issue · January 1969

YOUR ANYWHERE ANYTHING ANYTIME NETWORK

We asked Mr. K. Isomura, president of Panasonic, Matsushita Electric Corporation of America, about his first impressions of this country:

"It has been four years, but I can still remember my amazement the first day I arrived in your country to find, at my company's reception desk, only one girl handling almost 150 telephone lines. And now, as I understand it, besides voice, your telephone system is being used to carry computer and other information quickly around the country. You Americans do not realize how advanced your telephone technology is."

In most countries, a phone is just a phone. Not here. Over the American telephone network, people talk, machines talk, pictures go back and forth. Anything goes—instantly—anywhere, anytime.

editorial

HAPPY NEW YEAR

One thing is sure about the New Year.

No historian will look back on violent, crime-ridden, high-tax, disorderly, divisive, strike-prone, inflationary and war-torn 1968 as the "good, old days."

The year 1969 is bound to be better.

To the businessman whose firm will someday outgrow its building

Cameron & Barkley's Armco Building once was only half this size. (The right-hand half.) When the business grew, the firm had its hometown Armco Dealer, R-C Steel Building Co., Inc., Charleston, South Carolina, erect a connecting addition.

The expansion was made quickly, economically and with no disruption of normal business activity.

Often when expansions like this are made, your Armco Dealer can do the job with little or no loss of original wall material—which gives you considerable dollar savings.

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